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Begin Facing Growing Demands For Tough Action on Egypt, PLO

By David K. Shipler

New York Times Service

JERUSALEM — Prime Minister Menachem Begin has embarked on a tense and delicate strategy of brinkmanship for Israel, both in the process of peace with Egypt and the prospect of warfare against the Palestine Liberation Organization in southern Lebanon.

Pressures are building inside his government for tough action on both fronts: a postponement of the April 25 withdrawal from Sinai and an invasion of Lebanon.

So far, Mr. Begin has withstood the angry and fearful counsel of some of his Cabinet ministers, turning their anxiety to some advantage in a complex diplomatic game. But there is some question about his ability or willingness to contain the boiling emotions of his countrymen, especially on the issue of the Sinai.

It is a gloomy and anxious peace that Israel sees developing with Egypt. Since the assassination of President Anwar Sadat in October, his successor, Hosni Mubarak, has placed Cairo's policy on a worrisome course, in Israel's view.

Apprehension Grows

In moving to repair Egypt's relations with the Arab world, Mr. Mubarak has fed the apprehensions that always smoldered beneath Israel's enthusiasm for an end to hostility with the largest and most powerful of the Arab nations.

Israel's lurking nightmare held that after regaining Sinai, with its oil fields and strategic passes, Egypt would turn away from the peaceful relationship and back toward fellow Arabs. Israelis are beginning to imagine that they see the nightmare coming true.

These visions grow partly out of a terrifying sense of loneliness, always the affliction of the Jewish people, particularly the burden of the modern Jewish state. Everyone in Israel has known for months that the final days before the final withdrawal would be a time of acute psychological stress, requiring constant reassurance. Now that the time is here, the reassurance is lacking.

Mr. Mubarak refused to set foot in Jerusalem, Israel's contested capital, claimed also by the Arabs. And so his planned visit to Israel, in which he might have built some confidence with Mr. Begin, never came about. The two men have not had a good working session together since Mr. Mubarak became president; they met only briefly, at the Sadat funeral.

Furthermore, Egypt is accused by Israel of broadening its ties with the PLO.

An Israeli official described these growing links as involving not only el-Fatah, the main body of the PLO, but also more radical

factions that have been more active in terrorism.

In the first three months of 1982, the official said, 500 separate pieces of weaponry — guns, grenades, explosives — were found to have entered the Israeli-occupied Gaza Strip from Egyptian-controlled Sinai.

Israelis say that the seminomadic Bedouin tribesmen who smuggle

NEWS ANALYSIS

the material for a price could not operate without official Egyptian acquiescence, at least on a local level.

If this is true, it contravenes Article III of the peace treaty, in which "each party undertakes to ensure that acts of violence do not originate from and are not committed from within its territory... and undertakes to ensure that perpetrators of such acts are brought to justice."

Israel also claims that Egypt has failed to correct a few minor and long-standing infractions of the limits placed by the treaty on Egyptian military deployment in parts of the Sinai already returned.

Uncertain Future

Despite the small scope of these alleged violations, which Israeli officials have refused to make public — they are seen as indications that Egypt regards the limits as soft and flexible, whereas Israel sees them as ironclad.

Israeli officials are worried about an uncertain future, when Egypt might gradually expand its deployment beyond the treaty's limits, thereby eroding the demilitarized status of Sinai. Defense Minister Ariel Sharon has said privately that Israel would then move back into the peninsula by force.

But the question is what threat would be set for such a dramatic response. How large would Egypt's violation have to be to trigger an Israeli military move? If minor violations are tolerated now, where would Israel draw the line in the future?

While some members of the government have appeared eager for an excuse to defer the withdrawal, Prime Minister Begin is seen as anxious to complete the pullout.

U.S. Help Sought

He has called on the United States to use its influence with Egypt, and he is trying to play the April 25 date as a kind of deadline, hoping both Washington and Cairo will be nervous enough about the unthinkable to act.

Depending on U.S. diplomacy may now make Mr. Begin somewhat less free to move into Lebanon. Officials say that after preparing for some action after the assassination of an Israeli diplomat in Paris and amid repeated incur-

sions by Palestinian guerrillas across the border from Jordan, the government acquiesced to a U.S. request for restraint.

It is thought that despite a growing military concern over the PLO's reported buildup of heavy weapons in southern Lebanon, Mr. Begin would not want to antagonize the United States just now, dependent as he is on Washington's good offices to alter Egyptian behavior.

However, he and his ministers have warned often that PLO attacks, which violate the cease-fire arranged by U.S. and United Nations officials in July, would bring Israeli retaliation.

The PLO is evidently nervous about a prospective invasion, with the main leadership trying, without much success, to curb the radical elements that keep sending guerrillas across the border.

The Israeli threats and military preparations are valued here for their deterrent effect, but they will not work forever. The proposal for a military operation against the PLO is still on the table, officials say, and eventually it may have to be put into effect.

One of Mr. Begin's troubles in going ahead is that a large-scale operation would involve casualties, and in a small, open country such as Israel, casualties can be accepted only if there is a broad consensus on the wisdom and the necessity of the action. There appears to be no such consensus now about Lebanon, and probably would not be without an egregious PLO terrorist attack into Israel proper.

Reagan Expects Pullout

WASHINGTON (AP) — President Reagan said Wednesday that he had confidence in the pledge of Prime Minister Begin that Israel would withdraw from the Sinai as scheduled April 25.

"I have his pledge that the turnover is going to occur and that they are going forward with the withdrawal," Mr. Reagan said in a brief question-and-answer session in the White House Rose Garden.

U.S. Diplomat Arrives

JERUSALEM (UPI) — Deputy Secretary of State Walter J. Stoessel Jr. arrived here Wednesday to try to smooth the final Israeli withdrawal from Sinai and said Washington sought "to ensure peace is preserved and strengthened now in the coming years."

Mr. Stoessel was to meet with Prime Minister Begin on Thursday and Friday before going to Egypt, officials said. He was expected to return to Israel Sunday.

"We want to be helpful and ensure that peace is preserved and strengthened now and in the coming years," Mr. Stoessel said.



A soldier guarding a Buenos Aires military installation was distracted Wednesday by a passer-by.

Reagan Says Falklands Crisis Is 'Critical'

(Continued from Page 1)

val task force arrives, probably next week.

Mrs. Thatcher said Britain wanted a peaceful solution but that the naval task force was continuing at full speed toward the Falklands, which Argentine forces seized April 2.

She said the task force was being bolstered by reactivating the assault ship Intrepid and chartering a container ship to carry additional Harrier jump-jet aircraft.

"Our diplomacy is backed by strength, and we have the resolve to use that strength if necessary," Mrs. Thatcher said to cheers from the benches of her Conservative Party.

Commitment Reaffirmed

Reporting on Mr. Haig's peace efforts, she said Britain remained committed to getting Argentine troops off the islands and allowing the Falklanders to decide their own future.

Mrs. Thatcher would not go into details of the new ideas Mr. Haig had been presenting before he left London on Tuesday.

She said Britain's strategy for

achieving a peaceful settlement was based on a combination of diplomatic, military and economic pressures, and she made it clear she was in no mood for appeasement.

Noting that the government was being urged from some quarters to avoid armed confrontation at all costs, she said, "Of course we, too, want a peaceful solution. But it was not Britain who broke the peace."

She said that any absolute renunciation of the use of force by Britain would serve only to perpetuate Argentina's claim of sovereignty.

Mr. Haig returned from London to Washington on Tuesday night, postponing plans for a second flight to Buenos Aires. U.S. officials said Argentina had reneged on an understanding reached during his first visit there.

Mr. Reagan appeared to confirm press reports that the Soviet Union was providing military intelligence to Argentina, saying "That has been reported and evidently been established." Speaking bluntly, he called on Moscow to "butt out" of the dispute.

Argentina Refusing to Yield On the Issue of Sovereignty

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the transitional phase, officials in Buenos Aires said.

Although there appears to be room for negotiation on the transitional phase, it still falls far short of the British demands. Britain wants Argentina to withdraw its troops from the islands before negotiations begin. The British position is that the islanders should then be allowed to decide their future.

Airlift Continues

Meanwhile, in Comodoro Rivadavia, almost 1,100 miles (1,760 kilometers) south of Buenos Aires, about 100 military air transport flights a day continued to ferry Argentine troops and equipment to the islands.

[Military sources said Wednesday that Argentine warships had left mainland ports and were patrolling the coast and that a new airlift of troops and equipment to the islands had begun from the southern town of Rio Gallegos. Reuters reported from Buenos Aires.

[The sources said Argentine ships were patrolling the country's continental coast, indicating they had not gone near the Falklands, 400 miles offshore. Britain declared a naval blockade in a 200-mile area around the islands on Monday.

[The Buenos Aires daily newspaper Conviccion, which has strong connections with the navy, said four British submarines were forcing the blockade, Reuters reported.

In the meantime, Argentina has opened a diplomatic offensive to overcome its international isolation over the invasion of the islands. The Argentine president, Lt. Gen. Leopoldo Fortunato Galtieri, has sent a letter to many Latin American presidents charging that the situation is due to British "irresponsibility."

A message was also sent Tuesday to the United Nations Security Council protesting the British declaration of a naval blockade of the islands and the decision to send the fleet.

In Comodoro, seven British Marines captured after hiding out during the Argentine invasion remain in detention. A military spokesman said they are "very well."

But later, Mr. Reagan appeared to back off, telling reporters, "I only know what I've heard and read" about Soviet assistance to Argentina.

Asked about the prospects that Mr. Haig would succeed in bringing peace, Mr. Reagan said he would not comment other than to say, "We should all be hoping and we should all be praying."

The Organization of American States, meeting in Washington on Tuesday, approved a resolution expressing its concern over the Falklands crisis and offering its "friendly cooperation" to help bring peace.

In an unusual move, several English-speaking Caribbean nations forced debate on the resolution to the floor of the council chamber after two days of closed sessions.

The Caribbean governments wanted to include a reference to a United Nations Security Council resolution calling for a withdrawal of Argentine troops from the Falklands.

EEC Envoys Agree on Ban

BRUSSELS (Reuters) — Ambassadors of the European Economic Community agreed Wednesday that the EEC should ban imports from Argentina for up to one month in retaliation for the seizure of the Falkland Islands, diplomatic sources said.

They said the ban would probably start Friday if member governments gave formal written approval by Thursday night.

Normally, the EEC takes about 26 percent of Argentina's exports, amounting to about \$160 million in a typical month.

2 Soviet Subs Near Islands

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Officials refused to comment on the Soviet naval presence. Other North Atlantic Treaty Organization sources said they believed the submarines were Echo II class boats diverted from their regular deployment in the Indian Ocean and in the waters south of the Cape of Good Hope.

The Echo II class vessels are nuclear-powered boats with a displacement of 5,800 tons. Their armament is formidable: eight SS-N-12 surface-to-surface cruise missiles and 20 torpedoes.

The assumption among NATO analysts is that the Soviet submarines' mission is to locate the four or more British nuclear-powered submarines that are reported to be on patrol west of the Falklands.

British defense officials also refused to comment on a report circulating at NATO headquarters in Brussels that the orbit of Soviet satellites has been changed to provide information about the British surface fleet moving toward the Falkland Islands.

A French official said that as long as two-thirds of the Royal Navy is involved in the Falklands crisis, NATO will be unable to provide the protection that would be needed by any transports moving to Europe in a crisis.

[U.S. officials said Tuesday that there is no evidence to support an NBC-TV report that the Soviet fleet is providing Argentina with intelligence information on British fleet movements. The Washington Post reported. A senior government specialist said that the Soviet Union has not launched a major intelligence-gathering effort on the Falklands situation.]

WORLD NEWS BRIEFS

Schmidt Rules Out Early Elections

The Associated Press

HAMBURG — Chancellor Helmut Schmidt, acknowledging that his Social Democratic Party would have little chance of winning national elections now, has ruled out an early election as a way of resolving political disarray in West Germany.

In an interview with the weekly newspaper Die Zeit, Mr. Schmidt said there was no comparison with his situation and the pressure on Willy Brandt to call early elections in 1972 because of controversy over his reconciliation with the Soviet bloc.

"Today, things look a little different," Mr. Schmidt said. "At present, we would have no chance of winning." Opinion polls have shown that the Social Democratic Party could expect to win only about a third of the vote if national elections, due in 1984, were held now.

Deaths Confirmed in Turkey Crash

The Associated Press

ANKARA — A U.S. military team Wednesday recovered the bodies of 27 Americans killed in the crash Tuesday of an Air Force transport plane in eastern Turkey, official sources said.

A U.S. Embassy spokesman said four civilians were among the dead, and the Air Force said that six were from a Strategic Air Command unit from Peterson Air Force Base in Colorado Springs that was assigned to evaluate overseas military installations.

The disaster team from the Incirlik NATO air base in southern Turkey was expected to make a preliminary investigation into the crash of the C-130 about 55 miles west of Erzurum, a Turkish military spokesman said. There were no survivors.

Verdict Dropped in Fatal U.S. Fire

The Associated Press

WHITE PLAINS, N.Y. — A judge Wednesday dismissed the conviction of Luis Martin on 26 counts of murder and arson connected to a hotel fire in 1980, saying that the evidence was insufficient.

Mr. Martin, 26, a former waiter at the hotel, had been found guilty on Saturday by a jury. Westchester County Judge Lawrence Martin, who stated during Mr. Martin's six-week trial that the prosecution's case was purely speculative, said he realized that his decision would not be popular. The prosecution is expected to appeal.

Mr. Martin has maintained his innocence while acknowledging that he lied about his actions at the Stony Hill Inn in Harrison, N.Y., on Dec. 4, 1980, when the fatal fire occurred. There were no witnesses to the alleged crime. No fingerprints or traces of the gasoline-type liquid purportedly used in the fire were ever found.

Clashes Continue in South Lebanon

Reuters

BEIRUT — Large-scale gun battles broke out Wednesday for the second day between rival factions in southern Lebanon, security sources said.

At least five persons were injured in clashes at the coastal town of Aaidoun and in at least four villages, they said. Beirut Radio said that seven persons were killed Tuesday in fighting between the Shiite Muslim organization Amal and Lebanese army and Palestinian groups. It said that battles with heavy machine guns and rocket-propelled grenades had caused extensive damage.

Beirut newspapers reported that the fighting followed the murder Monday of an Amal military officer and his deputy near the port of Sidon.

Paris-Beirut Terrorist Link Seen

Reuters

PARIS — Police believe that they have linked an extreme-left French guerrilla movement to a Middle East group that claimed responsibility for the killings in Paris of two diplomats, informed sources said on Wednesday.

While giving only guarded information on the connections established between Action Directe, the French guerrilla group, and the Armed Lebanese Revolutionary Faction, a police source said, "The links appear strong."

The first hard evidence of a link came when police found a large cache of arms at a suspected Action Directe hideout. Preliminary ballistics tests indicated that a 9mm British-made Sten gun found there was used on March 31 in an attack on an Israeli Embassy annex. No one was injured. The attack was claimed in Beirut by the Lebanese group. The same group claimed the murders of a U.S. Embassy military attaché in January and an Israeli Embassy official on April 3, both in Paris.

EEC Leader to Visit Britain, France

Reuters

BRUSSELS — Gaston Thorn, the president of the European Economic Community Commission, plans to meet Foreign Secretary Francis Pym of Britain on Monday in London for talks aimed at easing tensions over Britain's EEC budget payments.

A commission spokesman said Mr. Thorn's first meeting with Mr. Pym would be followed Tuesday by talks in Paris with Claude Cheysson, the French external relations minister.

The conflict over British demands for large cash refunds on its budget contributions has narrowed recently to a debate mainly between France and Britain. At an EEC summit meeting in March, President Francois Mitterrand of France rejected a proposed compromise that would have given Britain three years of fixed rebates, with a further two years to be negotiated.

Bitter Polish Youth Reject Propaganda

Reuters

WARSAW — "My parents have finally managed to get a small apartment and a little Fiat car — not a great achievement after several dozen years of work," a teenager at a Warsaw school said. "Now what prospects do I have? To get an apartment in 20 years. I'm going to get out of this country the first chance I get."

The battle to gain the confidence of youth is a key preoccupation of the military rulers who took over last December, and they openly admit that it is a daunting task.

A series of interviews with teenagers published in the Communist weekly magazine, Polityka, last weekend illustrated the alienation of the generation that has grown up wholly under the Communist system and in which the authorities have placed so much hope.

The youngsters spoken to in Warsaw and the central city of Lodz generally rejected as discredited the propaganda messages of the Communist leaders. One described this propaganda as primitive.

They saw the 16 months of liberalization that were ended abruptly by the military takeover in December as a unique period of hope. Polityka quoted one pupil as saying: "Now we have a taste for democracy. We could say and read everything, meet openly, discuss things. We cannot imagine that this will not return. It would mean another crisis if it didn't...."

Since the takeover, secondary schools have remained a center of dissent. Sources at the schools say that manifestations include writing slogans on walls, distributing leaflets, forming small resistance groups and other more subtle demonstrations.

Polityka relates how an army colonel gave a lecture on martial law at a Lodz school. When he said that the army had "clean hands," the students all began to examine their hands closely.

Official speech after official speech includes the question how to win over the youth. Communist leaders are never allowed to forget that 60 percent of the population is under 30.

French Adviser Leaves On Latin America Tour

The Associated Press

PARIS — President Francois Mitterrand's leading adviser on Latin America, Régis Debray, left Wednesday for a 10-day visit to Mexico and Central America, the newspaper Le Monde reported.

Mr. Debray, a one-time disciple of the Cuban revolutionary Che Guevara in Bolivia in the 1960s, was accompanied by an official from the French Ministry for External Relations, Jean-Francois Lionnet. During his trip, Mr. Debray will visit Mexico, Panama and Nicaragua.

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Turmoil in the Nixon White House

Article Details Roles of Kissinger and Haig in Wiretaps

By Bob Woodward

WASHINGTON — An article in the latest edition of *The Atlantic* provides new details on how Henry A. Kissinger and Alexander M. Haig Jr., while serving in the Nixon White House, participated in a two-year effort to conceal the secret wiretapping of aides and reporters.

The article, by Seymour M. Hersh, who won a Pulitzer Prize in 1970 for his story on the My Lai massacre in Vietnam, is based on unpublished files from the Watergate prosecutor's office and statements from former Kissinger aides that describe in new detail an intensive effort by the White House to hide the files and logs on 17 wiretaps from government investigators and the public.

Mr. Hersh does not prove that

Mr. Kissinger or Mr. Haig did anything illegal, but he claims that the two men lied or distorted their involvement in the wiretap program authorized by Mr. Nixon from 1969 to 1971.

Mr. Hersh notes that the Watergate prosecutor's office brought no charges against anyone in the wiretap matter.

Grappling for Power

The article gives a detailed portrait of one of the most extraordinary periods in American foreign policy. Mr. Kissinger then was Mr. Nixon's national security adviser and Mr. Haig, as No. 2 on the National Security Council staff, managed the Vietnam War.

Their small White House quarters are shown to have been a hot-house of jealousy and accusation, with Mr. Kissinger and Mr. Haig reading wiretap logs and issuing a flow of unkind words about Mr. Nixon and some of his top aides.

It is Mr. Hersh's thesis that both Mr. Kissinger and Mr. Haig were involved with and were informed about the efforts to stop news leaks. These efforts included the wiretaps and the so-called White House plumbers unit, which investigated the leak of the Pentagon Papers.

Mr. Hersh writes, "Haig did more than merely know what was going on in the White House. He was part of it." Mr. Hersh also asserts, "Only Richard Nixon, Alexander Haig, some men around them, and a few Watergate prosecutors... understood the truth: Kissinger was involved."

No Comment

A spokesman for Mr. Kissinger said that the former secretary of state would have no comment on the article because he had not yet read it. But one former Kissinger aide who has read it and remains close to Mr. Kissinger said, "Hersh does have a strong bias against Henry and it comes through in the article, but he doesn't really add any damaging new information, and I think Henry's approach will be to scorn and ignore it."

A spokesman in the State Department said that Mr. Haig had no initial comment because he, too, had not read the article.

One new piece of information is the notes of John D. Ehrlichman, then a Nixon aide, of a July 12, 1971, meeting in San Clemente, Calif. According to these notes, Mr. Nixon directed others to "recover documents from Haig... obtain and destroy all logs... Haig request the FBI to destroy all special coverage," the term used for the secret wiretapping program.

Mr. Hersh says the prosecutors learned that after the July 12 meeting, "the White House files of Kissinger... and Nixon were stripped of all wiretap summary letters and logs."

The significance of these wiretap records revolves around the government's legal responsibility to disclose that Daniel Ellsberg, then a defendant in the Pentagon Papers case, had been overheard on one of the wiretaps. This was not done for nearly two years after Mr. Ellsberg was indicted. The federal judge in the case dropped the charges in May, 1973, after the wiretap was discovered in the middle of the Watergate disclosures.

In addition, the article alleges that in May, 1973, just after he became White House chief of staff, Mr. Haig attempted to get William C. Sullivan appointed director of the FBI. Mr. Sullivan was the FBI official with whom Mr. Haig had met many times from 1969 to 1971 on the wiretaps.

The article says that in the spring of 1973, Mr. Sullivan sent Mr. Kissinger a memorandum summarizing his understanding of the wiretapping, which had yet to become publicly known.

Call to Richardson

"The document enraged Kissinger, according to a close aide, but he knew what to do without being told. Sullivan soon became Kissinger's and Haig's choice to be named director of the FBI," the article says.

No such memo, or suggestion of one, could be found this week in the public Watergate record.

Mr. Hersh said Mr. Haig, as Mr. Nixon's new chief of staff, telephoned Elliot L. Richardson, the newly nominated attorney general, and strongly recommended Mr. Sullivan for the job.

In an interview this week, a former Richardson aide, J.T. Smith, confirmed this, saying the appointment of Mr. Sullivan "never was given serious consideration by Richardson."

Mr. Sullivan subsequently was killed in a hunting accident.

The new material on the wiretaps and life in the National Security Council during the period 1969 to 1971 includes the following:

• The FBI did not forward all transcripts of the wiretapped conversations to the White House. As learned previously, one tap was on Henry Brandon, a Washington correspondent of *The Sunday Times* of London. Mr. Brandon's wife, Mabel H. (Muffie) Brandon, who now is social secretary in the Reagan White House, was extremely friendly with Joan Kennedy, the wife of Sen. Edward M. Kennedy, Democrat of Massachusetts.

The transcript of "one highly personal discussion of Mrs. Kennedy's problems with Teddy" was typed up and delivered to Courtland J. Jones, a supervisor in the FBI's Washington field office," the article says. "Jones told the prosecutors that he destroyed the



Richard M. Nixon



Henry A. Kissinger



Alexander M. Haig Jr.

transcript instead of sending it to the White House. 'I knew what those people would do with this stuff,' he explained."

• Mr. Kissinger several times told aides that at his first formal White House reception he met Mrs. Nixon and began praising the president. "But Mrs. Nixon leaned over and interrupted him by saying, 'Haven't you seen through him yet?'"

• An aide to Defense Secretary Melvin R. Laird is quoted as saying that Mr. Kissinger would seek support from Mr. Laird by saying

of Mr. Nixon, "We've got a madman on our hands."

• Other aides are quoted as saying that President Nixon made several anti-Semitic comments.

• Quotations from Mr. Morris and others support earlier published accounts that Mr. Nixon at times was drunk at night. Egil Krogh Jr., who was co-director of the White House plumbers in 1971, told Mr. Hersh that the other director, David Young, "told me of the time he was on the phone [listening in] when Nixon and Kissinger were talking. Nixon was

drunk and he said, 'Henry, we've got to make them...'"

• A private journal maintained by an unnamed Kissinger aide also claims that "Haig was directly receiving progress reports on the plumbers' activities from David Young" and that Mr. Kissinger was concerned about the plumbers' work.

• In his new book, "Years of Upheaval," Mr. Kissinger says of his role in the wiretapping program, "I was never at ease about it; it is the part of my public service about which I am the most ambivalent."

Reagan Aide Warns Republicans Against Criticizing the President

By David S. Broder

WASHINGTON — The top White House political aide has warned Republican members of Congress who are "jumping ship" on President Reagan and his program that they hurt their own chances for re-election as much as they weaken the president.

Expressing resentment at recent Republican criticisms of Mr. Reagan and his budget, Edward J. Rollins, a presidential assistant, told reporters Tuesday: "It is imperative our own troops be disciplined."

He said that "if the election were held today, there's no question we would have very serious problems," and added that it was essential for Republican survival that "we have a compromise in the not too distant future" on the budget. He said he expected Mr. Reagan and Congress to resolve their differences, "but the longer the stalemate continues, the more difficult it is to turn things around."

Mr. Rollins also acknowledged concern about the possibility of the administration's becoming "a symbol of racism" to moderates and minorities and a servant of the affluent in the eyes of many Americans.

In both cases, he said, Mr. Reagan is being undercut by members of his own administration. But Mr. Rollins saved his heaviest criticism for moderate Republicans in Congress who he said "are trying to jump ship and put daylight between themselves" and the president.

A lot of those Republicans never supported Ronald Reagan and never really accepted his leadership," Mr. Rollins said. "Now they are using the budget deficit" as an excuse for repudiating him.

He said most of the discipline would have to come from Republican leaders in Congress, adding that Rep. Guy A. Vander Jagt of Michigan, chairman of the Republican Congressional Campaign Committee, had already shown potential detractors polls indicating they would hurt their own chances of re-election if they turned against Mr. Reagan.

Mr. Rollins alluded to a poll taken by Robert Teeter of Market Opinion Research Co. for Rep. Vander Jagt's committee. Other sources said the survey had shown that the more a voter approved of Mr. Reagan's job performance, the more likely he was to vote Republican in the November congressional election.

Mr. Rollins argued that the poll showed the need for more "discipline" among congressional Republicans, but Republican campaign officials in Congress disputed that interpretation. "It does not mean that everyone has to go in lockstep," one aide said. "There has to be room for give and take."

Mr. Rollins said that much of the news of the poll was ominous for the Republican Party. He said it showed that voters believe things have become worse in the past year both in the areas of unemployment and inflation. The latter, in fact, has been substantially reduced.

He said the survey findings were pointing the White House toward a "more aggressive" political stance, aimed at reminding voters of "the sorry economic situation we inherited from Jimmy Carter."

Mr. Rollins indicated he was urging that the president expand his travel schedule and that Mr. Reagan begin a program of purchasing broadcast time in an effort to reach a larger audience than he is getting with the Saturday radio talks he has begun.

He said the poll found that the administration has a reputation for unfairness and racism. He called that reputation his biggest worry and said a major goal of the speeches and trips he has recommended for the president would be to overcome it.

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Interim Tax Increase, Energy Fee Discussed In U.S. Budget Meeting

By Edward Cowan

WASHINGTON — A temporary increase in income taxes, perhaps only for taxpayers above some middle-income thresholds, and a broad tax on energy have emerged in secret, three-sided negotiations as possibilities to decrease the size of coming budget deficits.

House, Senate and administration negotiators held morning and afternoon sessions on Tuesday, but apparently made little progress toward a consensus on how to cut spending and raise revenues. At the request of House Democrats, the talks were suspended until next week.

According to Senate Republican sources, a temporary boost in income taxes, in the form of a so-called surtax, has been proposed by Sen. Robert J. Dole, the Kansas Republican who heads the Finance Committee. The sources said he was talking about a temporary surtax, probably 4 percent for two years starting in 1983, on taxes owed by people with more than a specified level of annual income, perhaps \$30,000 to \$40,000.

Sen. Dole's counterpart in the House, Rep. Dan Rostenkowski, the Illinois Democrat who heads the Ways and Means Committee, has preferred outright repeal of the third round of the three-year, 25-percent tax cut sponsored and signed by President Reagan last year. That plan, which would do away with a 10-percent cut in 1983, has been backed by the House speaker, Rep. Thomas P. O'Neill Jr., Democrat of Massachusetts.

Sen. Dole also has been advocating an oil import fee of \$5 a barrel. This proposal, administration officials said, has received the support of Donald T. Regan, the Treasury secretary; David A. Stockman, director of the Office of Management and Budget; and Murray L. Weidenbaum, chairman of the Council of Economic Advisors.

The administration officials, remembering how Mr. Reagan rejected excise tax increases recommended by his advisers in January, emphasized that they did not know where the president stood.

The oil tax question took a new turn on Tuesday, when Sen. Howard H. Baker Jr., the Senate majority leader, told reporters that a "But tax" looked more attractive than the oil import fee. Sen. Baker, a Tennessee Republican, was believed to be referring to a tax on all forms of energy, not just oil, based on their ability to produce heat as measured by British thermal units, a standard scientific measurement for comparing different energy sources.

Sen. Dole and the administration are both looking for ways to raise revenue to shrink future budget deficits without delaying or repealing the final 10-percent tax cut, scheduled for mid-1983. However, Democrats and Republicans who favor repeal portrayed Sen. Dole as privately believing that repeal might be prudent if the equivalent revenue — \$7.5 billion in fiscal 1983, \$32.9 billion in fiscal 1984 — cannot be raised otherwise.

The Democrats were believed to be irritated by what they regard as presidential intransigence on the third-year issue, particularly amid signs that a number of congressional Republicans are willing to be more flexible.

The Democrats also are uneasy about what they describe as an administration proposal to modify the cost-of-living formula for Social Security and federal employee retirement benefits. The Democrats fear that if they support such a proposal, they would risk losing votes among elderly persons.

Administration and congressional aides said that a "Dole package" was the revenue proposal "on the table" at Tuesday's budget negotiations. Other elements of that package included repeal or severe modification of the 1981 provisions that liberalized the sale of tax benefits through leasing, and strengthening of the present minimum taxes on corporations and individuals.

Reports of Delay In French-Soviet Launch Denied

United Press International

PARIS — A French official has said that plans are proceeding for the launching in June of a space flight with one French and two Soviet cosmonauts, despite reports that the project would be delayed.

Hubert Curien, president of the National Center for Space Studies, was responding to demands from some French scientists that the long-planned flight be canceled to protest martial law in Poland.

"Our worry is to give to this event a scientific character, which is important, and not make it into a political event," he said on Tuesday.

There has been little information on preparations for the flight since October, when a group of French journalists visited the installation outside Moscow where a French astronaut, Lt. Col. Jean-Loup Christien, and his backup, Patrick Baudry, are training.

The plan calls for Col. Christien to be launched with two Soviet cosmonauts.

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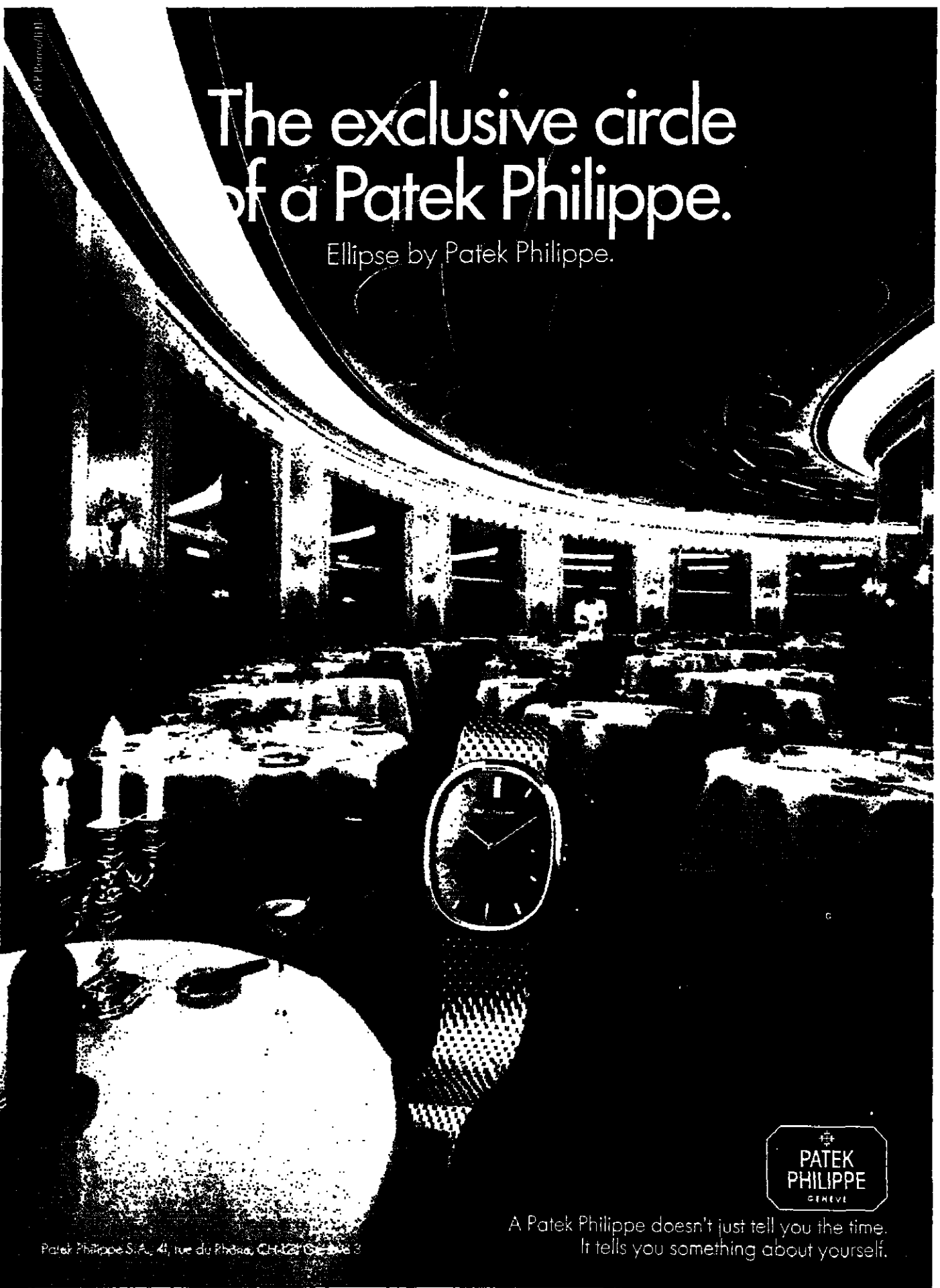
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INTERNATIONAL Herald Tribune

Published with The New York Times and The Washington Post

Page 4 Thursday, April 15, 1982

Why Imprison Ecevit?

Why does Turkey's military government keep locking up the three-time elected premier, Bulent Ecevit? He is no terrorist of the sort whose depredations forced the generals to seize power in 1980. He is a certified democrat, humanist and lover of liberty, the single Turk who most represents to Westerners the values Turks share with the West. It is conceivable that Mr. Ecevit, aware that his fate is followed from afar, is deliberately testing the regime's democratic pretensions. But the proper way for the regime to react is not to lock him up. It is to let him out in order to prove its own promise of an early return to representative rule.

Turks look westward uncertain whether to demand difference on account of their Byzantine and Islamic roots, or equal treatment for having had strong links to Europe for at least two centuries. They want it realized that they have special problems arising from their special geographical and economic place, but they insist on not being taken as second-class citizens of the Western alliance. It is a difficult act to carry off, and the Western democracies have good reason to respect the effort

the Turks have made. This regime has suppressed a terrorist movement of a ferocity unimaginable in the West, turned around a desperate economy and moved toward its goal of elections by early 1984.

The more the pity, then, that Turks show such surprise when their friends occasionally evince unhappiness over what looks like unaccountable backsliding.

The West's understanding of the imperatives of the Turkish crisis — an understanding expressed in substantial material as well as political terms — surely has won it a right to speak up when it feels that Turkey has gone too far. Questions about the fate of Mr. Ecevit and other prominent democratic prisoners, or about some of the means that have been used to root out subversion, are entirely legitimate. Yet too often Turks react to them as though their very honor had been fatally impaired. They should, rather, understand that their allies are no less eager than they themselves profess to be to see them return to the democratic fold. And they should let Mr. Ecevit go free, now.

THE WASHINGTON POST.

Research and Security

The Reagan administration is trying to stanch what it calls the "hemorrhage" of militarily useful technology to the Soviet Union, but its idea of a tourniquet looks more like a garrote. The president's new executive order on secrecy rules provides that "basic scientific research information not clearly related to the national security may not be classified." But the order expands Washington's classification powers to cover grants, that is, scientists outside the government.

Worse, these vague powers are likely to be broadly and arbitrarily interpreted. The Massachusetts Institute of Technology was told recently by the State Department that a Russian chemist visiting the school's department of nutrition could see what he liked, provided it had nothing to do with nutrition. State officials explained later that the purpose was to bar the Soviet visitor from genetic engineering, but none of that is done in the laboratory in question.

It is not just bureaucrats who want scientists to work behind walls. Bobby Inman, deputy director of the CIA, said in January that researchers in computers, electronics, lasers and crop forecasting should submit their work for security checking before publication. Last month he added high energy particle beams and genetic engineering.

Under the Reagan order, these proposals could bring almost all basic biology and much physics research under the censor's pencil, to close a loophole that even Admiral Inman concedes accounts for only a fraction of the technological leakage to the Soviet Union. Researchers would be saddled with an

onerous bureaucracy that would inevitably become a drag on the pace of research.

Basic research, unlike more practical industrial projects, cannot be pursued in secrecy because it addresses problems too difficult for solitary contemplation. Open exchange of ideas is critical to progress.

Two years ago, when Admiral Inman was director of the National Security Agency, he asked the small group of researchers working in the mathematics of codes and code-breaking voluntarily to submit their articles for review before publication, and they agreed. But cryptography is a narrow specialty of clear military significance. There is a decided difference between that specific request and the blanket proposals, accompanied by threats of legislation, that he is issuing now.

The transfer of technology to the Soviets has long been a matter of vexed debate. Some contend that the more trade and security barriers are thrown in their way, the longer the United States can preserve exclusive grasp on a technology. Others argue that the Russians are not technological incompetents. Under pressure, they could themselves develop what at present they find more convenient to acquire from the West.

A more relaxed policy would serve the West's best interests because a steady supply of foreign technology saps the Soviet Union's incentive to develop its own. It is better to have the Soviets stealing and copying — and following a few steps behind — than working independently and becoming able to deliver a technological surprise.

THE NEW YORK TIMES.

Letters

Argentine Ire

Regarding "The Falklands Crisis" (HT, April 5): The two editorial writers should know that Britain took the islands away from Argentina by force in 1833. For going on 150 years, Argentina has never ceased protesting. By proposing a land-lease arrangement, the British implicitly recognize Argentina's rights.

For the past 15 years Argentina has been trying patiently to negotiate the matter with the British, only to be subjected to all possible kinds of foot-dragging.

A spokesman for the Argentine government warned the British recently that Argentina had no intention of standing by passively to observe the 150th anniversary of British domination.

I find particularly distasteful the editorials' tone of rightful indignation. The prose reads as if it had been written by someone in Queen Victoria's entourage. Let's face it: Britain is a colonial power. No one should realize that better than Americans.

CLAUDE L. DESCHAMPS,
Buenos Aires.

U Ne Win has most certainly been a Buddhist all his life and is not a "late convert," as the diplomat quoted speculated.

It would be more accurate in the account of the Luthi Luythit case concerning the monks who distorted the teachings to say that the law of karma states that the good and bad deeds of all one's lives determine the form of the next existence.

There is no "absorption into the supreme spirit" in Theravada Buddhism. The writer seems to have Buddhism and Hinduism mixed up. Nirvana is outside conditioned existence (i.e., the material universe which is caught up in cause and effect).

WILLIAM FRUITT,
Vincennes, France.

Terrorism

President Reagan considers (HT, March 26) that terrorism is as threatening to freedom "as foreign tanks or nuclear missiles." While not meaning to condone terrorists, I do think they are hardly to be placed in the same category as those who willfully endanger the existence of the whole human race by building and stockpiling nuclear weapons.

SONIA HEMINGWAY,
Lyon.

Air France

In response to Elizabeth Thomas (Letters, April 12): I cannot let stand unchallenged Ms. Thomas' praise of Air France. While I have not traveled with my family of two infants on SAS, the butt of her criticism, I have had that misfortune on Air France. We skidded off a snow-covered Orly run-

way and were forced to wait one hour before we were allowed to disembark, during which time the hostesses sat around and refused to open the by then locked and sealed cases of refreshments. When evacuation finally started, encumbered parents with infants were last off, elbowed out of the way by the more nimble singles on the aircraft, while the stewardesses stood by in their usual aloof disdain.

More generally, travelers with infants should be aware that a regular service provided by U.S. airlines allows infants to board first, in sharp contrast to the managed chaos typical of Air France departure lounges.

C. GETZ,
Paris.

Delhi Defended

Regarding "In Democratic India, Royal Rituals Reflect Feudal Politics" (HT, April 3): The article is in bad taste. Making fun of poverty resembles laughing at a disabled person. It is up to the people of India to decide what sort of democracy they want.

J. EIPE,
Baden, Switzerland.

For Morgan

In response to W.R. Smyser (Letters, March 30): No, please do not drop Dr. Morgan from the comics page. It is the first strip I look at every morning, no matter how busy I am. As I am never in the United States long enough to become addicted to the soap operas on television, Rex Morgan has to be my soap.

MARILYN H. TAKACS,
Geneva.

April 15: From Our Pages of 75 and 50 Years Ago

1907: King Leopold's Decree

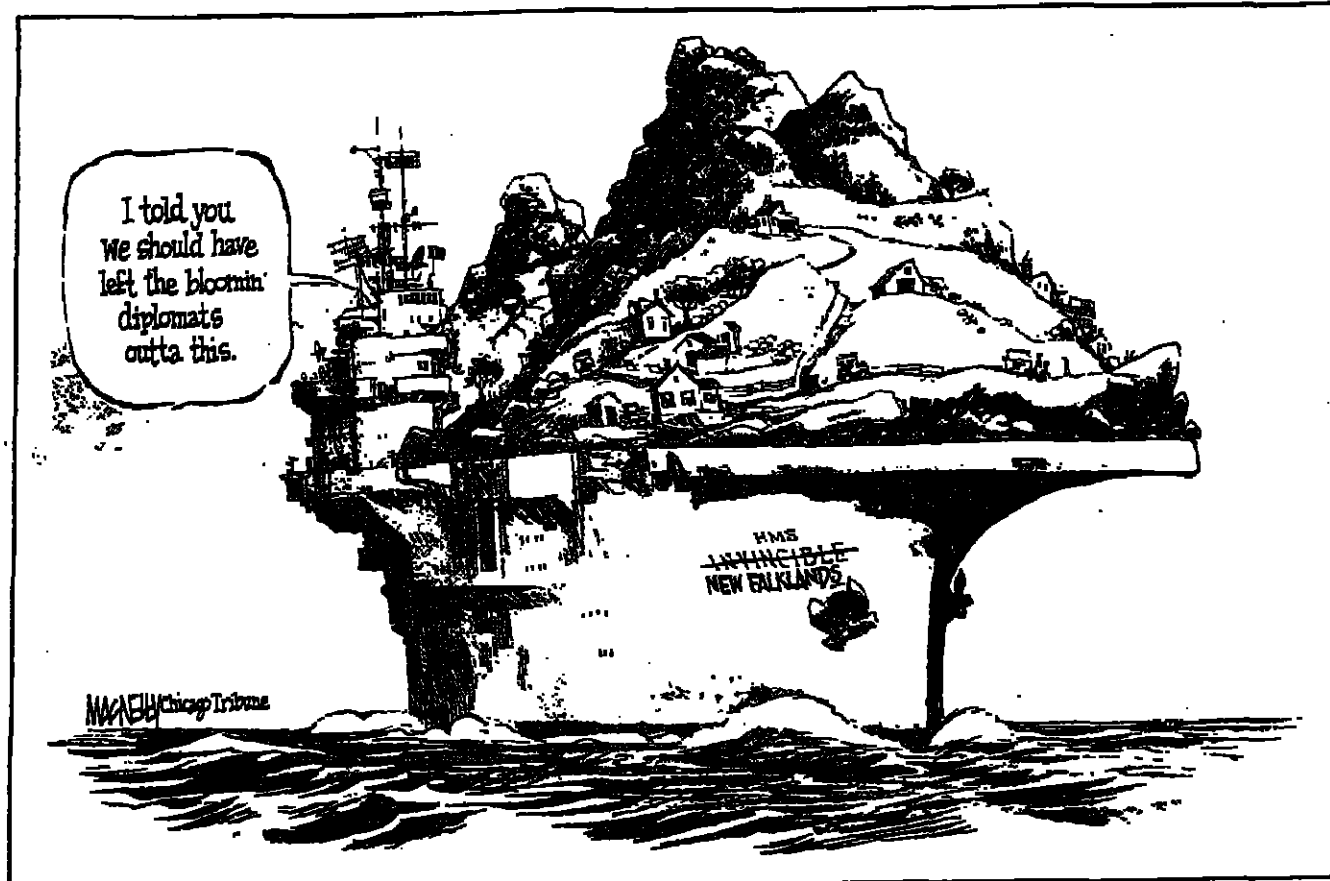
PARIS — The editorial in the Herald reads: "By the unexpected action of King Leopold in issuing an anti-dated royal decree withdrawing from the Chamber of Deputies a bill regulating the work of the mines passed on Friday last, the ministerial crisis in Belgium has become a constitutional one. By the adoption of this bill the de Smet de Naeyer cabinet had been defeated and had given in its resignation to the king. Two days after it had resigned, the royal decree was published, thereby, in King Leopold's eyes, nullifying the adverse vote of the chamber and as a consequence reinstating the ministry. The king's action has caused great excitement among all classes of society."

1932: Suspect Blast in Ohio

COLUMBUS, Ohio — Six persons were killed and 61 injured seriously when a terrific explosion, cause undetermined but believed to have been a bomb, wrecked the basement of Ohio's new \$6-million state office building and blew out a huge section of one wall, sending a rain of bricks and mortar upon a nearby boulevard. While police yet are unable to state whether the blast was caused by a bomb, it is suspected that it marks the culmination of a long-standing labor plot. In connection with the erection of the building there was much trouble, with prolonged strife between the builders and labor leaders, engendering bitterness. Buried beneath tons of debris, many escaped death by near miracles.

Letters intended for publication should be addressed "Letters to the Editor," and must include the writer's address and signature. Priority is given to letters that are brief and do not request anonymity. Letters may be abridged. We are unable to acknowledge all letters, but value the views of readers who submit them.

The writer is a research associate at the Center for Strategic and International Studies at Georgetown University. He contributed this comment to The New York Times.



No British Diplomacy Without British Arms

By George F. Will

before the fleet was over the horizon from Portsmouth, the government was being questioned about what tax increases or domestic spending cuts would pay for a long operation.

If Argentina chooses to prolong the crisis — and it is hard to see how the junta, having inflamed the mobs, can accept any resolution that could be had quickly — the cost will weaken NATO. (Britain is supposed to supply more than half NATO's naval forces in the eastern Atlantic.) It also will weaken Britain's economy, hence the Thatcher government.

Perhaps Alexander Haig should not have made the United States central to a crisis that probably cannot be resolved without causing the fall of at least one of the two governments in conflict. But the United States has most to lose from a political crisis in Britain, and in the South Atlantic time may not have been on the side of the British.

Haig has reportedly argued in each capital that compromise was necessary to save the government in the other. But neither government cares a fig about the fate of the other.

This is a crisis in which considerations of right and realpolitik converge. But by not siding more forthrightly with Britain, the United States is jeopardizing the objective it thinks it is serving: Latin American stability. By seeing the crisis as a test of the survival of existing regimes, the United States extends to those regimes a license for adventurism and the settling of old scores.

That can convulse a continent planted thick

with old grievances and restless new military elites. By sacrificing much for Argentine stability today, the United States may make itself a negligible force for restraint, and may bring about conditions in which Latin America will absorb so much of the U.S. government's attention that it will have little left for the rest of the world.

Furthermore, the idea that neutrality is a prerequisite for shuttle diplomacy is refuted by the example of Henry Kissinger's shuffling to and from Damascus. America was in no sense "neutral" between Israel and Syria.

Even before the present crisis, the Thatcher government's decision further to reduce Britain's surface fleet was attacked from right and left. This crisis will intensify debate about the purchase of the Trident submarine. Many on the left will make Kiplingesque noises about restoring the fleet's glory, the real motive being to kill Britain's nuclear deterrent.

If Argentina's dictatorship were of the left, Britain's Labor opposition would be opposing Thatcher's policy. Fortunately, Labor's leader, Michael Foot, and others on the left have their own ghost — that of 1937: Franco and the Spanish Civil War. But today's left is out of practice at sounding patriotic, and does not really want to become practiced.

Still, The Times is tutoring its readers in the wisdom of Frederick the Great: "Diplomacy without arms is like music without instruments." The fact that some voices are making sense recalls the axiom that an Englishman's mind works best when it is almost too late.

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Meanwhile, Shifts in the Middle East

Prospects if Iran Wins

By William J. Olson

WASHINGTON — After 19 months of stalemate, Iran appears to be winning its war with Iraq. Recent successes open up the possibility of a turning point, with serious implications for the two belligerents as well as for other countries in the region, and ultimately for both the United States and the Soviet Union.

Although it is premature to anticipate Iraqi capitulation or a complete Iranian victory, Iraq is in no position to win, and will likely have to accept an unfavorable settlement. Tehran will regard this as a victory and may try to pursue a more provocative foreign policy.

A victory would feed the Iranians' sense of moral superiority and make them a more destabilizing influence in the region. Although they are unlikely to launch major attacks on their neighbors, menacing gestures and aid to subversive forces could threaten regional security. This could induce the Arab states in the region to try to destabilize Iran, thus creating ongoing tension around the Gulf.

For Iran, victory would at first mean hysterical euphoria, but this would soon fade as Iranians began to face the complex economic and social problems that plague the country. The war has masked these problems, but peace would bring them to the surface again, aggravating domestic tensions or encouraging the Iranians into diversionary foreign adventures.

The Military

Victory over Iraq would raise the question of what to do with the military, an uneasy amalgam of Revolutionary Guards and army holdovers from the shah.

Before the war, the military suffered repeated purges and was allowed to deteriorate. The war arrested this decline and refurbished the army's image. A renovated military, however, creates the possibility of a coup. Thus, further purges would be likely, and attempts to further superimpose onto the army religious "commissars" and the Revolutionary Guards.

For Iraq, defeat would mean wrenching self-criticism that could produce a coup against President Saddam Hussein or, conversely, a purge of the army. Although it is unlikely that the Iranians could sustain a major offensive into Iraq, the consequences of an Iraqi defeat could mean years of political upheaval as Iraq's Baathist regime tried to cope with the damage done to its standing in the Arab

world. Furthermore, an Iranian victory would encourage Iranian attempts to incite Iraq's large Shiite population to make their own Islamic revolution.

An Iranian victory would also pose a problem for the superpowers. The Soviet Union has aided the return of Saddam Hussein, being a signatory to a friendship treaty with Iraq. An Iranian victory would embarrass Moscow and could damage Soviet efforts to win wider acceptance in the Arab world, while the support of Iran might not buy them a friend there either. In addition, an Iranian victory might encourage Islamic revivalism in Afghanistan and Syria, which are both Soviet clients.

U.S. Dilemma

Although the Soviet Union sees Iran as the strategic key to the region, the consequences of an Iranian victory might not prove beneficial, while it could increase the chances of a direct confrontation between the Soviet Union and the United States, which wants Iran to remain free of Soviet influence.

The Iran-Iraq war poses a dilemma for the United States because it threatens regional stability and efforts to work out some accommodation with the Iranians. An Iranian victory could mean increased subversive activities in the Gulf region or some direct challenge to U.S. interests at a time when Washington has little leverage in Tehran and cannot afford to see Iran fall prey to the Russians.

Present regional tensions require more consistent U.S. planning and commitment, while that very commitment might incite local revolutionary forces, with Iranian support, to more provocative actions, threatening the survival of regional oil-producing countries friendly to the United States.

An Iranian victory might also increase Soviet influence in Tehran, for a triumph for Iran might see in Russia an ally in challenging any U.S. role in the region.

Although it is premature to anticipate an Iraqi collapse, the current situation will only strengthen Iran's importance and increase the risks to U.S. interests. Washington should define a consistent, cautious policy of supporting allies while not exposing them to subversion because of that support.

It should make certain that its Rapid Deployment Force is credible in order to demonstrate to Moscow its resolve to protect its regional interests. But any sound policy must rest on bolstering friendly regimes, encouraging local self-sufficiency and creating open lines to Iran. Whatever happens, the outcome will have profound implications at a time when America's ability to influence world events is limited.

Diplomatic Challenges

By Joseph Kraft

WASHINGTON — The big stakes in world politics are not in the Falkland Islands, or in Central America, or even in the domain of arms control. Explosions in the Middle East, however, daily rock the interests of the great powers. But in that area, unfortunately, Washington has neither a fit policy nor a sufficiently weighty presence.

Two chains of violence are working. Palestine Arabs are resisting Israeli efforts to secure control of the occupied West Bank; and Iranian forces are advancing steadily against Iraq. Together, the tensions loosen moorings and raise prospects of realignment on a grand scale.

Violence on the West Bank works to reunite Arabs against Israel and its chief ally, the United States. The PLO enjoys special favor among Arabs, and so do its backers, especially Syria. Egypt looks increasingly likely to join the Arab fold soon after it receives the last third of the Sinai back from Israel on April 25.

The Iranian gains reinforce Ayatollah Khomeini and the Shites. In predominantly Shiite Iraq, the regime of Saddam Hussein, a Sunni Moslem, comes into genuine jeopardy.

Pressure also mounts on the governments of Saudi Arabia, Kuwait and Jordan, all led by Sunni monarchs who have backed Iraq. They tend now to look to America for security.

These troubled waters afford fine fishing to the Israelis. The government of Menachem Begin has threatened major military action against Syrian and PLO forces in southern Lebanon if there are more terrorist attacks against Israel. Some Israeli officials, led by Defense Minister Ariel Sharon, have counseled retreating on the agreement to return Sinai to Egypt. Sharon's threat has been used to put the squeeze on Washington for more military aid.

The Soviet Union also has some good openings in the area. The Russians have penetrated Iran, and may be in a strong position to increase their influence when Ayatollah Khomeini, now past 80, passes away. The Russians not only support Syria and

the PLO against Israel. They have used the rising tension to bid for better ties with Saudi Arabia and Kuwait and with King Hussein of Jordan.

The United States, in contrast, has concentrated its efforts on damping down trouble until the return of the Sinai territory this month. An American mediator, Philip Habib, has been in and out of the area trying to maintain a kind of cease-fire between Israel and the Syrian and PLO forces in Lebanon. A few days ago, Deputy Secretary of State Walter Stoessel flew to Israel, his mission being to soothe Prime Minister Begin — perhaps even with some concessions on aid — so as to make sure that the Israelis deliver on the promise to return the rest of Sinai on schedule. As a stopgap until that deadline, the present U.S. effort may be just good enough.

But much more will be required thereafter. America has a keen interest in permanently reducing tension between Israel and the Palestinians on the West Bank. It has an obligation to sustain ties between Israel and Egypt, as a nucleus for a follow-on settlement to Camp David. It has an opportunity, given the threat posed by Iran, to establish closer ties with Saudi Arabia, Kuwait and Jordan.

But Washington must moderate support for those states in order not to push Iran into the hands of Moscow. Especially since there is a chance that Syria — cut off from financial aid from the Gulf monarchs and unlikely to get much economic help from the Russians — might be weaned away from Moscow.

Assembling these obligations and opportunities into a coherent package requires sustained intellectual effort. It also requires, in the field, the well-nigh constant presence of a real heavyweight — a figure with political standing who can travel the area as the personal representative of President Reagan.

Secretary Haig, despite his vast experience and quite considerable energy, cannot possibly fill that role and also tend to all his other duties.

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Britannia Awakened At Sunset

By Jan Morris

FORT WORTH, Texas — The course of the empire never did run smooth, but much the hardest part of the perennial old human adventure is bringing it to a conclusion.

The French endured two terrible wars, in Indochina and Algeria, before they could be rid of their imperial pretensions. The Portuguese had a revolution. The experience of the British, upon whose overseas territories the sun proverbially never set, has generally been more trying than lacerating, but still the preposterous impasse they have got themselves into over the Falkland Islands is a warning to any aspirant imperialist that in the long run domination is seldom worth it.

Consider the cost and the embarrassment of the imbroglio. To honor their commitment to 1,800 subjects of the crown, most of them several generations removed from their homeland, the British are spending more on the dispatch of their formidable task force than they invested in Falkland Island development in the 1960s, in several decades. They stand to suffer appalling humiliations if the mission fails; but if it succeeds, they won't know what to do next. And it must be a moot point anyway whether the unfortunate islanders, however loyal, really want to find themselves caught in the cross fire of liberation war.

The affair ridiculously engages a sizeable proportion of the entire Royal Navy at a time when Mrs. Thatcher herself claims the Soviet sea threat to be more ominous than ever. It has brought out aspects of Britishness, from machismo to jingoism or plain pomposity, that we were merely beginning to forget. It is frighteningly demonstrated that even the most mature of nations, if goaded to it, will still fall back upon brute force to pursue what it conceives to be its interests.

Quixotic Splendor

Of course there is a quixotic splendor to the operation — spending so much, taking such risks, for the sake of a principle and a loyalty, and only a potential oil field. Lord Palmerston himself, the most belligerent of Victorian prime ministers, never sent out his gunboats with such punch or panache, or for that matter in such numbers. The Argentines were clearly wrong to invade the islands; the Falklanders deserve better; the British were ripe, perhaps, for a call we hear after many long years of humdrum.

I doubt myself if it will come to a shooting war, but it might. And if it does, it will be a historical tragedy of a certain wistful nobility, a piquantly anomalous expression of imperial pride and grandeur — a generation or two after its time.

For like it or not, it is anomalous that in the 1980s the Falkland Islands should be British. It really does not make much sense. The British themselves half recognize the fact, or they would not have spent so many years recently negotiating with the Argentines about the future of the islands. But their premise had evidently been that whatever arrangements are reached, British sovereignty must be upheld — whereas in my view they should long ago have admitted that British sovereignty was expendable.

Their true duty to the Falklanders was not to encourage them in their romantic but impracticable allegiance, but to prepare them gently, and firmly, for inevitable change. The islands might well have been offered resettlement in Britain, if they preferred it, to Argentine rule or some sort of joint control. They should certainly have been acclimatized to the idea that the Falklands could not remain attached forever to a European state with no permanent rights or duties in the far-flung reaches of the South Atlantic.

A Clean Break

No such permanent rights or duties, indeed, anywhere away from home — for there are disturbing parallels still elsewhere in the old British Empire. In Ulster, too, loyalists seek to resist history and geography, and there, too, the British accommodate the anachronism, partly out of duty, partly out of pride. One day the fleet may have to rescue Gibraltar, or the Gibraltaris of Spain; or Hong Kong, the Port Stanley of China. There is even a faint ironic echo of the predicament in my own country, Wales, so close to London, where, after 700 years of crown rule, English settlers increasingly find their holiday homes burned down by intransigent Welsh nationalists.

For the truth is that when an empire loses its power or its conviction, its remaining possessions generally become a burden, even a danger. They may be useful for a time as currency earners, or as naval bases, or as props to the national self-esteem; but in the end they are likely to become, like those bare sheep-run islands on the other side of the world, a perfect nuisance.

There is only one way to stop the crows of an old empire coming home to roost: Make a clean break of it, forget about the gunboats and the distant flags, wipe away those tears of glory. Stop quoting Kipling and Queen Victoria, and make it clear to everyone, friend or foe, that the sun has set.

In the meantime, well, even we Welsh patriots are only human. Good luck to you, Broad Sword and Invincible, Sir Galahad and Superb!

The writer is author of "Pax Britannica," a trilogy about the British Empire. She contributed this comment to The New York Times.

INTERNATIONAL Herald Tribune

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Study Analyzes Factors Encouraging Creativity in Children

By Maya Pines
New York Times Service

NEW YORK — They are all world-famous: 100 young concert pianists, Olympic swimmers, tennis players and research mathematicians who reached the top of their fields between the ages of 17 and 35. But their names are the secret of a research team at the University of Chicago that promised anonymity in order to investigate how these exceptionally talented people got where they are.

After completing their analysis of the life histories of these outstanding people, the investigators, headed by Prof. Benjamin S. Bloom, have identified several conditions that stand apart from native gifts and, in nearly every case,

appear crucial in producing excellence. "The old saw that 'genius will out' in spite of circumstances is not supported by our study," Bloom said.

The data indicates that most human beings are born with enormous potential — in one area or another — and also demonstrates the extraordinary power of parents.

These environmental conditions vary somewhat for different kinds of talent. Bloom said in an interview, but in all cases they involve these factors:

• Parents who greatly value and enjoy either music, sports, art or intellectual activity and view it as a natural part of life, so that the child learns its "language" as easily as he learns to speak.

• A first teacher who is warm and loving who makes the lessons seem like games and lavishes rewards. This teacher need not be highly skilled. For the pianists, it was a neighborhood teacher; for the mathematicians, it was usually their father. But the instruction must be given on a one-to-one basis, and the parents must take great interest in it.

• A second teacher who emphasizes skills and self-discipline. Again, instruction must be individualized. For the mathematicians, the best teacher is one who answers their questions, gives them books to read and lets them work independently.

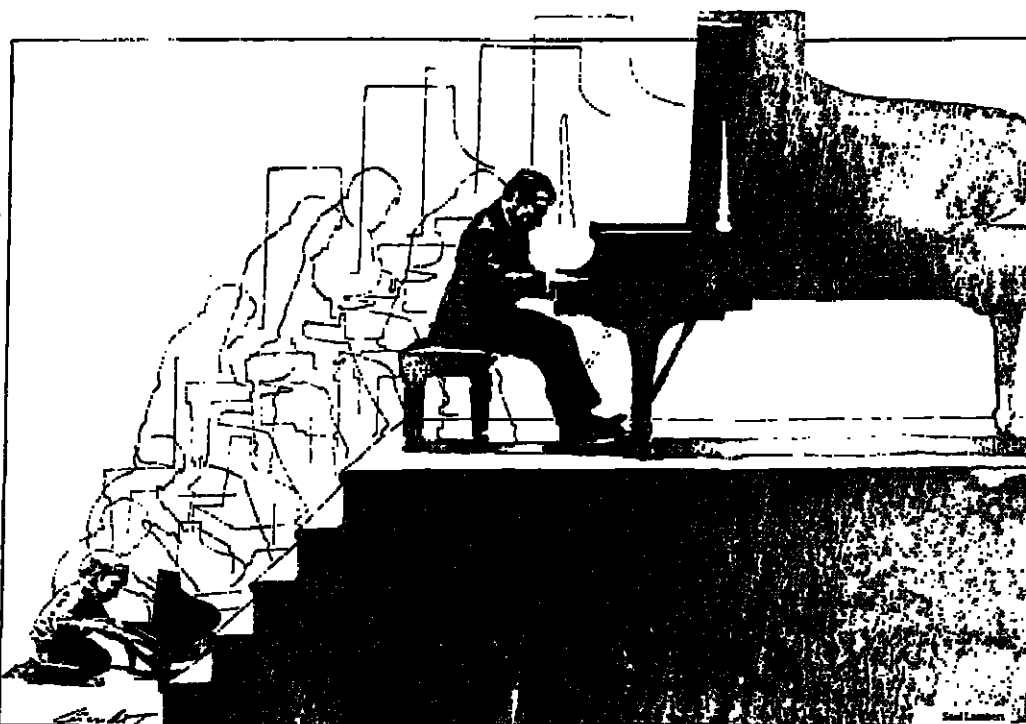
• A gradual change in the child and his family as both realize the progress the child has been making. They now begin to focus their resources on the developing talent.

• Access to what Bloom calls a "master teacher" — one of the rare experts who knows how to train top professionals and open the right doors for them. Some families traveled 2,000 to 3,000 miles to find such a teacher or coach. No sacrifice in time, money or effort seemed too great.

The swimmers went through this sequence most rapidly, since many had to be ready for the Olympics at 15. By contrast, half the mathematicians did not even know they would become mathematicians until their first year of college, according to the study, called the "Development of Talent Project."

Although many of the people interviewed were unquestionably more talented than average as children, none was a child prodigy. "They could not have been picked out from a much larger group of active children at the age of 5 or even 10," said Lauren Sornik, the research coordinator.

As far as the researchers could tell, none of their subjects was pressured to learn a great deal at an early age. Bloom points out that



Five Stages in the Growth of Talent in Children

FIRST STAGE

A very young child tries to copy his parents as they sing or play a musical instrument. The child is usually very imitative and is encouraged to play and experiment.

SECOND STAGE

This stage the child is given a head start in skills and is trained. At the age of 5 or 6, he is provided with a private teacher, a local person who is good with children and rewards their efforts with candy, gold stars, or the like. Much praise is given by both the teacher and the family.

THIRD STAGE

The family now tries to obtain instruction from a more highly skilled teacher. The mother often at first teaches, but later a local person who is good with children and rewards their efforts with candy, gold stars, or the like. Much praise is given by both the teacher and the family.

FOURTH STAGE

If the child has been hooked by the age of 10 or early adolescence, a great change takes place. All begin to think of higher goals. Better equipment and skill better teachers are required and provided. This is a period of discipline and mastery.

FIFTH STAGE

Eventually, in middle or late adolescence, the family spends a year or two seeking the master teacher in the field. The teen-ager, with a now practicing 20 hours a week, will have to work even harder if accepted by the master.

people who are force-fed — such as William James Sidis, a "boy wonder" who entered Harvard University at the age of 11 in 1909 and died destitute after a series of obscure jobs — sometimes deteriorate as they grow older.

Early Experiences Crucial

Bloom has spent much of his working life investigating the development of human potential. His previous work has indicated that children's experiences during their preschool years largely determine their intelligence and learning ability, and that the ideal condition for learning is one-to-one tutoring.

His current project began three years ago with the hypothesis that a large pool of talent is available in each society, talent that will either be developed or wasted. The investigators tried to select the 25 top people in each of six fields, using such criteria as awards, competitions won and recognition of experts. In addition to the four fields mentioned, the team is now completing work on research neurologists and sculptors. In each case, the researchers interview the outstanding achievers for several hours. It was out of a desire to obtain information from living parents and teachers that the age of the principal subjects was cut off at 35.

Originally, the investigators thought their subjects would have shown outstanding ability as children, and would therefore have received special instruction and attention. But in fact it seems to have worked the other way around. The children developed their ability because of the instruction and attention.

According to Bloom, the key factors in motivating children are: What does the home value? And how much encouragement does the child receive at an early age?

The swimmers' parents were not thinking about the Olympics when they took their 3-year-olds to pools or sports clubs. None of the parents was a professional athlete. But sports and outdoor recreation were "a regular part of family life," explained Kathryn D. Sloane, who interviewed the parents. In one family the love of physical activity was so great that the child's 70-year-old grandmother walked six miles a day to an exercise class. It was taken for granted that everyone in the family would participate in athletics, and the children usually learned to swim by about 4. Some of them also took music lessons, but these did not start until much later, at about 11.

"In contrast, few of the pianists' parents made regular use of local

sports facilities," Sloane said. "Their children certainly learned to swim and played outdoors, but not generally with their parents."

Parents of successful pianists liked listening to music, and bought their children records and musical toys. They sang together. They showed their children how to play and read notes. One mother recalled that she had given her daughter a toy piano, which she kept close to where the girl played. "It wasn't any time before she could pick out some herself," the mother said. "She could play 25 songs by the time she was 4. If you have an instrument where they can get at it, they'll learn it."

As soon as the children began to show such proficiency, members of their families made a great fuss about it. And the children realized early that they were on the surest road to attention and praise. They also received early exposure to the work ethic. Sloane points out that the parents drilled into the children the notion that "you always have to do the very best you are capable of, that anything less is not enough." This combination gave them a head start not only in basic skills, but also in the willingness to work hard — qualities their teachers would later prize.

Most of the future pianists start-

ed music lessons by 5 or 6, and the future swimmers were in organized swimming programs by 8. The pianists' first teachers were "local, not very musically sophisticated," Sornik reported. They were chosen for convenience and because they were very good with children. "She carried a big bag of Hershey bars and gold stars for the music, and I was crazy about this lady," one of the pianists recalled. "All I had to do was play the right notes in the right rhythm, and I got a Hershey bar."

Some of the parents attended lessons with the children, and nearly all supervised daily practice. The pianists' mothers often sat at the keyboard with their young children, offering encouragement or corrections. Those who did not feel qualified to tutor found other ways to help. One mother recalled how her son played a funeral march. "He would say, 'You've been to funerals. Do you think this is a good speed?' So I would play along... walking across the room like a walking metronome."

The teachers soon picked these children out for their favorite students and gave them extra attention. The children began to feel that they were special. And the parents' involvement grew. As an example, Sloane pointed out, "Some of the pianists' parents took music lessons themselves."

Desire to Excel
In each family, only one child was chosen for the star role, even though all the children had been exposed to sports or music and had been given lessons. The chosen one was not necessarily the one with the most innate talent, according to the parents and the teachers, but the one with the greatest desire to excel.

When the chosen child moved on to more expert teachers, around the age of 10 or 12, all his other activities, including schoolwork, took second place. The lessons became more expensive and often required lengthy commuting. Some of the mothers went back to work to help pay for a grand piano, and all the families rearranged their schedules in many ways.

By the time the talented teenager found, and was accepted by, a master teacher, the student was spending 20 to 25 hours a week on intensive practice. If this meant there was no time for dating, or no college-track classes, both the student and the parents accepted it.

"It's almost a vocation in the religious sense," Bloom said. He emphasized that such people represent extremes, perhaps one person in 500,000, but that some form of dedication to a talent is good for the child and good for society. "There is great satisfaction in excellence," he declared, "and such efforts are the source of most human achievement."

'A Coat of Varnish' Needs a Repainting

By Sheridan Morley
International Herald Tribune

LONDON — The Theatre Royal, Haymarket in London's West End, complete with chandeliers, symbolizes all that is most conservatively appalling about the old guard while continuing to exert a considerable attraction for tourists.

Within what is now therefore an immaculately preserved museum of much-maligned dramatists like N.C. Hunter and Enid Bagnold and others in that Leatherhead Chichesterian group who were able to see in the collapse of a rose garden the symbol for a disintegrating British Empire. Give or take a Douglas-Home, the last survivor of that school is now not only the theater's deputy chairman (and Mrs. Thatcher's personal scriptwriter) but also the author of the latest play to join its current repertoire.

True, Sir Ronald Miller's "A Coat of Varnish," like many of his earlier stage successes, based on a novel by the late C.P. Snow, which gives us at once a certain political ambiguity, since while Sir Ronald is undoubtedly a Thatcher man, Sir Charles once served in a Harold Wilson cabinet. But we are not dealing here simply with a shift to the right, and it needs to be understood that when once again invading that Snow-covered territory Miller has made to the original author's approval for the drastic changes he has made to the book. To give many of those away would be to give away the book. To give many of those away would be to give away the book. To give many of those away would be to give away the book.

Thus we are asked to accept, early in the evening, that the brutal battering to death of an old lady in Belgravia for no apparent reason is symbolic of the murder-by-brutality of the entire nation. Had the old lady been Queen Victoria, or even Edith Evanson, at her most Lady Bracknell, we might just have been able to see the connection; since all we get is the cut-price grandeur of Dulcie Gray bullying her unattractive grandson in a manner which suggests she is about to go off and audition for a third turn as Miss Marple, it is more than a little difficult to see in her eminently welcome demise anything very apocalyptic.

Things do not get a lot better when Anthony Quayle (her doctor), Michael Denison (her possibly sinister neighbor) and Peter Barkworth (the man from Scotland Yard) are left to play out a long succession of those old-fashioned, by-the-by, the Haymarket start with the policeman saying "Sit down, Humphrey," and proceed an all-too-forsable conclusion via acres of clipped dialogue uttered through lips stiffened and teeth clenched from years of service in the Garrick Club and bad British war films.

Snow's novel was essentially concerned with two things: the machinery of a police investigation where the culprit is known but unprovable, and the mood of a central London square during an unusually long hot summer. Miller's play deals with neither of these, since presumably the economics of even the Haymarket forbid the presentation of the whole of Scotland Yard, while the medical fees in tax-undecorated cash, that Denison's neighbor might have been involved with Cambridge undergraduates who once met Anthony Blunt, and that Barkworth's detective is thinking of resigning from the Yard on account of a nasty cough, does not actually add up to the moment when a line like "Society is coming apart at the seams" can safely be spoken without fear of rebuff. If this is society, then the miracle is that the seams didn't give way in about 1921.

Occasionally Miller himself seems aware of this central problem, and allows his police-suspect dialogues to drift off into debates about capital punishment, or gives us nostalgic interludes while the gramophone plays "The Emperor Waltz." But by and large it is a disappointment because of the waste of a generally good cast on an appalling and senseless evening. "A Coat of Varnish" is a thriller that doesn't thrill and a moral drama measure of its morality and lacking in drama.

France Renews Effort to Keep Language Pure

'Le Jumbo-Jet' and 'Le Fast Food' Are Among Terms Facing Official Purge

By Greg MacArthur
The Associated Press

PARIS — French tour operators have six months to become voyagistes and abandon forever le package tour aboard le jumbo-jet.

The government, in its latest assault in the 12-year war against the incursion of English into everyday French usage, has issued a list of words that will be banned in all official correspondence and documents by October.

The latest list includes fast food, marketing, charter and trade show. It is aimed primarily at the tourist industry but reflects two decades of effort to keep French pure and adapt it to modern social and technological developments.

The fight has been largely a rear-guard action, and the government long ago conceded defeat on le weekend, le parking, le blue jeans and le jogging.

But successive governments have periodically banned Anglicisms in all official communi-

cations to and from government agencies. It has substituted and, in some cases, invented French equivalents and encouraged the general population to adhere to the official vocabulary.

In January, Jean-Pierre Chevènement, the minister of state for scientific research and technology, purged such American computer jargon as hardware and software and went a step further by asking French scientists to publish their research papers in French.

The request followed a survey that showed 75 percent of French scientific papers were published in English. The scientists contend English assures them a wider audience.

War Opened in 1970

The war against "Franglais" was declared in 1970 when Jacques Chaban-Delmas, then the prime minister, created a Commission on Terminology that, with the aid of the 40 members

of the Académie Française, began the purification effort.

By 1972, the government banned from official use and found substitutes for the words and expressions tanker, zoning, hit parade, flashback, one-man show and feature. Linguists survived, but the authorities insisted it be pronounced with a French accent: "peuple."

In 1976, the Defense Ministry identified 216 foreign military words or expressions — all but two of them English — and banned them from the official vocabularies of French soldiers around the world.

But English remained popular. Last year, two French lexicographers identified 2,600 Anglicisms or Americanisms commonly used in France.

English is found in all fields. French managers train their *congrégation* in the hopes of finding a *record man*. Businessmen hold meetings and journalists jockey for exclusive interviews that will generate an *scoop*.

Doctors Copy a Gene Linked to Illnesses

By Philip J. Hiles
Washington Post Service

WASHINGTON — Doctors at the Baylor College of Medicine in Houston have succeeded in copying a gene that, when defective, causes two separate human diseases.

The achievement is considered an important step in the study of how genes can cause disease when accidentally altered, according to Dr. C. Thomas Caskey. Dr. Caskey, head of the Baylor research team, reported "cloning" — mak-

ing multiple and identical copies — of a gene that manufactures a crucial enzyme in the body, hypoxanthine-guanine phosphoribosyltransferase, known as HPRT.

HPRT helps govern production of an important chemical in the body, the lack of which causes Lesch-Nyhan syndrome, in which babies are born with severe mental retardation. Such babies often bite and scratch themselves and beat their heads with hard objects.

The other, milder disease caused by HPRT deficiency is gouty arthritis and/or serious kidney problems, which stem from a faulty gene and the resulting production of excess uric acid. Doctors say about 10 percent of all gouty arthritis is the result of the HPRT deficiency.

The cloning of the HPRT gene by Dr. Caskey and his team was reported in the March issue of the Proceedings of the National Academy of Sciences.

The research should facilitate the study of genes near the HPRT gene on the chromosome, such as the one that causes hemophilia when defective. Hemophilia prevents blood from clotting normally so that even small scratches or bruises can result in fatal hemorrhaging.

Chief Aspect

The most important aspect of the advance is that it allows researchers to study these genes, which apparently are highly susceptible to accidental mutation, or structural change.

One role that genes play is to direct the production of enzymes. Thus when a gene's structure is damaged the enzyme it manufactures is often misshapen and can fail to perform its biological function.

Unlike most genetic diseases, which are passed from generation to generation over many years, the ones caused by HPRT deficiency occur in families that have never had a history of the disease.

By studying the genes and chromosomes, Dr. Caskey hopes doctors will be able to identify women who are carriers of the diseases from chromosomal studies performed before they become pregnant. Then, before the women give birth, they could be told of the chances of having infants with some physical defects. Replacing defective genes is farther in the future, spokesmen said.

Baron Greenwood, Ex-Cabinet Aide, Dies in London

The Associated Press

LONDON — Baron Greenwood of Rossendale, 70, who served in a Labor government Cabinet as Anthony Greenwood before he was created a life peer in 1970, died Monday after a heart attack at his London home, his family has announced.

Lord Greenwood was an Oxford University graduate and wartime intelligence officer. He entered Parliament in 1946.

He was chairman of Labor's national executive committee in 1963-64 and became Cabinet minister for housing and local government in the 1966 Labor government led by Harold Wilson.

Georges Villiers

PARIS (UPI) — Georges Villiers, 83, an industrialist who founded the Conseil National du Patronat Français after World War II and presided over it for 20 years, died Tuesday.

Mr. Villiers spent two years in the Nazi concentration camp at Dachau during World War II. In 1946, he founded the employers' association, which is the French equivalent of the National Association of Manufacturers in the United States, and he served as its president until 1966.

Horace Seely-Brown Jr.

NEW LONDON, Conn. (AP) — Horace Seely-Brown Jr., 73, who served six nonconsecutive terms in the U.S. House of Representatives between 1947 and 1963, died Friday. In 1962, he won the Republican nomination for the U.S. Senate but was defeated in the general election by Abraham A. Ribicoff.



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New L'Unita Editor Named

The Associated Press

ROME — The Italian Communist Party on Wednesday named a veteran politician, Sen. Emanuele Macaluso, 58, as editor of the party newspaper L'Unita. He replaces Claudio Petruccioli, who resigned last month.

Peso Collapse Shatters Mexican Confidence

By Alan Riding

New York Times Service

MEXICO CITY — Mexico's confidence in its economic and political system has been badly shaken by the collapse of its currency in mid-February.

After the dizzying pace of oil discoveries and economic growth over the last four years, the change of mood has been dramatic and, to many foreign analysts, puzzling. But pessimism is now as fashionable as optimism was barely a year ago.

"It's like looking down different ends of a telescope," a U.S. banker said. "Both distort reality. Things aren't as bad as they seem now, and they weren't all that great before."

Despite the 50-percent devaluation of the peso, the Mexican economy should grow 4 percent this year, thanks to predicted revenues of \$17 billion from oil exports. Further, even amid an election campaign, the country is politically stable.

General Nervousness

Yet many Mexicans take a different view. With business confidence eroded by the monetary crisis, numerous other problems — from the world oil glut to political unrest in Central America — have suddenly been noticed as reasons for alarm.

Further, with President José López Portillo due to leave office Dec. 1, uncertainty has been compounded by the general nervousness that traditionally accompanies the final months of every Mexican administration.

"Every six years, it's the same thing," an experienced journalist said. "There's a loss of confidence. People shuffle for position."

There's a lot of pressure from all sides. Then the next president takes over, and the mood changes immediately.

At the moment, although the ruling party's candidate for the July 4 election, Miguel de la Madrid Hurtado, seems almost certain to take office in December, attention is focused on the immediate economic problems.

Most disturbing has been the noisy clash between the private sector and the pro-government Confederation of Mexican Workers. The labor movement has threatened a general strike if industry does not meet its demand for an emergency wage increase. The private sector is resisting, arguing that its own finances have been decimated by the devaluation of the peso.

Over the last two months, faith in Mr. López Portillo's economic management has evaporated. The handling of the situation after devaluation — by an administration that had vowed to maintain the parity of the peso — was so strongly criticized that last month he dismissed his finance minister and central bank president.

Appeals Ignored

Significantly, Mr. López Portillo's appeals for the cooperation of the private sector have been largely ignored. "We cannot ask the labor sector to give us more than its responsible and respectful serenity," the president told a business group recently. "Businessmen and government together must resolve this problem, using our ability to find solutions and — why not say it? — to make sacrifices."

While the private sector is concerned

about the impact of the devaluation on its balance sheets, the government seems worried that greater economic hardship for the poor could bring labor unrest and political instability.

Officials pointedly recall that the labor movement accepted wage controls during the last economic crisis, in 1976-77, but that the private sector was the main beneficiary of the economic boom that followed.

"The private sector has been spoiled," a senior official complained. "It was given such generous subsidies and tax incentives. It earned such incredible profits. And now it won't make any sacrifices. It doesn't understand that more than the economy is at stake."

Fruitless Talks

After the central bank withdrew support of the peso on Feb. 18, the administration hoped to avoid a wage-price spiral by postponing announcement of an emergency pay rise and by putting pressure on the private sector to hold down prices, even temporarily closing dozens of shops and department stores that were found to be price-gouging.

But prices rocketed anyway, and the labor movement demanded a wage increase to make up the loss of purchasing power after the devaluation. Following fruitless talks between labor and management, the government recommended wage increases of 30 percent for workers earning less than the equivalent of \$430 a month, 20 percent for those earning \$430 to \$650, and 10 percent for those earning more than \$650.

At first, business associations reluctantly

accepted this scale. After protests from smaller companies with cash-flow problems, however, resistance within the private sector began to grow. Threats of a general strike soon followed.

"The demands of the workers went far beyond the real loss in the purchasing power of wages, which means we're feeding inflation," declared Alfonso Pando Gna, president of the Confederation of Chambers of Industry.

"Companies are threatened by this decision" on wage increases, he said. "Because of the devaluation, they have no ability to pay. After such a rigid decision, only measures that share the burden with the state can prevent the closure of firms through strikes or bankruptcies."

Even after the government decreed a series of tax concessions to help troubled companies, many managers refused to grant the recommended wage increases. Strike notices have been posted at several hundred factories.

The worst-hit companies are those that had large dollar debts at the time of the devaluation. Some were forced to seek refinancing of their obligations, while others have postponed expansion plans to meet interest payments that, in terms of the peso, have doubled in the last two months.

The financial condition of the government itself is not healthy. Last year the public sector's foreign debt rose by \$14.9 billion, to \$48.7 billion, and this year its new borrowing requirements are expected to approach \$20 billion. Further, the drop in world oil prices will mean lost earnings of at least \$10 billion in 1982.

The financial crisis appears to have bru-



Workers near the Miguel Hidalgo oil refinery.

ised more than economic confidence. "Let us not sink into the infernal swamp of bitterness and despair," Mr. de la Madrid, the budget minister, said on the campaign trail recently. "We must recognize the seriousness of the situation, but we should analyze it soberly."

Part of the shock of the economic slump appears to be psychological. In recent years many Mexicans had grown accustomed to an economic boom fed by continually rising oil prices, and now they have been caught by

surprise. "I think it's part of the Mexican character to swing abruptly between optimism and pessimism," a foreign diplomat said. "Perhaps it's because they don't look ahead."

Those who do look ahead see a few difficult months, with the recession likely to continue well into 1983. Politically, at least, there seems to be less reason for uncertainty: Seven candidates are running for the presidency, but Mr. de la Madrid is regarded as the sure winner.

U.S. Anti-Nuclear Drive: Suddenly, It's Clicking

By Robert C. Kaiser

Washington Post Service

WASHINGTON — On Aug. 26, 1980, more than two months before Ronald Reagan won the presidency, a young woman in Brookline, Mass., wrote a memorandum that began: "A national effort to win public support for stopping the nuclear arms race is gaining momentum."

It seemed an unlikely analysis on the eve of a presidential election campaign that would end with the landslide victory of an unabashed hawk who was calling for new rounds in a race that had already produced nearly 50,000 nuclear warheads in Soviet and U.S. arsenals.

The conventional wisdom then and since then has been that the country was in a hawkish mood, anxious to build up American military capabilities — including thermonuclear forces. But Randall Forsberg, the author of that memorandum, was one of a small group of activists who rejected that conventional wisdom and who now feel they are on the verge of refuting it.

For them, the big news of the 1980 election was not Mr. Reagan's electoral landslide, but the results of a nonbinding ballot initiative in three state Senate districts in western Massachusetts. The initiative instructed the three senators to introduce a resolution in the state Senate asking the president of the United States to propose to the Soviet Union a freeze on the further testing, production and deployment of nuclear warheads and the rockets and bombers used to deliver them.

In many of the small cities and towns in western Massachusetts, Mr. Reagan easily beat President Jimmy Carter, by as much as 2 to 1, but the freeze initiative won by equal margins. In Hancock, for example, Mr. Reagan won 178-97 and the freeze initiative 166-113. In the district that elected Mr. Carter, he easily defeated Mr. Reagan but the freeze proposal won handsily.

The referendum campaign in western Massachusetts was organized by Randy Kehler, a 36-year-old Harvard graduate who had served two years in federal prison for his refusal to cooperate with the Selective Service System during the Vietnam War. The hurt is still apparent when Mr. Kehler describes the way the national news media ignored the triumph of the pro-freeze referendum in 1980.

"That vote gave me personally so much hope that all wasn't lost just because a pro-military president had just been elected," Mr. Kehler said in an interview last week. It proved to him, he added, that anxiety about nuclear weapons runs deep, and that a national campaign to try to freeze the arms race could actually work.

In the 17 months since then, the campaign has brought together a coalition of veteran

was to attack it sharply. More recently, though, both President Reagan and Secretary of State Alexander M. Haig Jr. have sought to ally themselves with those concerned about nuclear weapons and to look for ways to head off the national freeze movement.

The country has surprised its opinion leaders and political leaders more dramatically than even those early optimists predicted. When she wrote that memorandum in August, 1980, Ms. Forsberg circulated a "national nuclear-weapons freeze strategy time line." It predicted that by early 1983, 33 senators and 150 members of the House would introduce a resolution supporting a mutual Soviet-American nuclear freeze. In fact, late last month, 56 senators endorsed a bipartisan resolution calling on the United States and the Soviet Union to freeze their nuclear arsenals at "equal and sharply reduced levels."

The surge of popular sentiment goes far beyond the freeze campaign. At the same time that Ms. Forsberg and Mr. Kehler were sowing their first seeds, Roger Molander, a member of the National Security Council staff in the Ford and Carter administrations who was responsible for U.S. preparations for the Strategic Arms Limitation Talks, began to organize Ground Zero, a nonpartisan group that seeks to educate the public about the dangers of nuclear war.

Ground Zero Week

Mr. Molander left the government at the beginning of 1981 and, with his brother Earl and others, has organized Ground Zero Week, which will begin Sunday. It will feature educational activities in 150 metropolitan areas and more than 500 smaller communities, and on 330 college campuses. More than 8,000 people are helping to organize these programs. Most will include the planning of a Ground Zero banner declaring: "If this were ground zero, a 1-megaton nuclear explosion would instantly destroy virtually everything within 2 miles of this spot."

The Molanders so far have raised \$285,000 to finance Ground Zero, and local groups have raised thousands more. The Molanders have written a book called "Nuclear War: What's in It for You?" It is in its third paperback printing a month after it came out; 225,000 copies are in circulation.

Physicians for Social Responsibility, a group composed primarily of doctors, has been growing rapidly. "We now have, it had 3,000 members a year ago, it has 20,000," says \$30 a year in dues. Its 1982 budget will be about \$1 million.

Groups of lawyers, educators, nurses and businessmen patterned on Physicians for Social Responsibility are now being formed.

"The strength of this phenomenon is probably easier to understand in the story of a 34-year-old cattle rancher and electrician from Charlo, Mont., John McNamer. He is a Vietnam veteran with a Bronze Star who is just starting out with an 80-acre "cow and calf" operation. Mr. McNamer has taken on the MX missile and the nuclear arms race. From his perspective he is winning.

'People's Petition'

"I was concerned with the nuclear situation in general, like a lot of people here," he said in an interview. But when he heard last August that the federal government might try to base MX missiles in Montana, he decided to act.

"I thought up the idea of a 'people's petition,' I called it, which said, 'We the undersigned express our opposition to the placing of the MX missile system in Montana, and to the escalating development and deployment of nuclear weapons by the United States.' My wife and I signed it first."

The McNamers passed their petition on to friends, who signed and passed it on again. In four months they had 11,000 signatures. Then they sent the petition to a lot of local and federal officials.

In February, Mr. McNamer started a second petition drive, this one to put a resolution on the state ballot next November. This resolution declares that the state opposes the deployment of the MX in Montana and also opposes "further testing, deployment or development of nuclear weapons by any nation." To put the proposition on the ballot will require 18,024 signatures, and 11,000 have already been collected. Mr. McNamer said he is certain of having enough.

"It's basically just a question of getting the petition out in front of people and they are willing to sign it. It's just an amazing turnaround in attitude in the last six months."

'Moral Issue'

He explained it by saying, "People are scared to death." He added, "It's a great moral issue, too. ... The MX is an immoral waste of our resources." Montanians know, he said, that the MX would give the United States the ability to strike Soviet missiles inside their silos,



Daniel Berrigan, the anti-war activist, and about 40 other protesters calling for peace and a reduction in nuclear arms marched recently near a research center in New York.

and they do not want their country to have such a first-strike capability. "Basically," he said, "the Pentagon has usurped our right to think about the nuclear situation."

The anti-nuclear phenomenon seems comparable to a chemical reaction that could only have taken place after a fortuitous combination of necessary ingredients. Activists agree that the Reagan administration's big military budget, its harsh rhetoric about nuclear weapons and the possibility of limited nuclear war, and the bad economic situation have contributed substantially to the changing public mood. But these alone were not enough to cause what has happened.

At least half a dozen elements helped to produce this public reaction, starting with an event seven years or more in the past: the Vietnam War. Mr. McNamer cited his Vietnam experience as "part of my own personal thought process" that led him to fight nuclear weapons. Americans who fought in or against the Vietnam War are playing important roles in the new movements.

Vietnam legitimized the idea of challenging the government and the experts on a "national security" issue. The challenge was legitimized further by the collapse of the SALT process that every president from Lyndon B. Johnson to Mr. Carter invoked to demonstrate a desire to control nuclear weapons, according to several activists.

The movement also needed simple ideas around which to mobilize, and the organizers found them. Apparently the most appealing is the notion that it is time to stop the arms race where it is — freeze it in place.

3 Sources in 1979

This idea came from at least three sources in 1979. At the suggestion of friends in an evangelical Christian group called the Sojourners, Sen. Mark O. Hatfield, Republican of Oregon, incorporated it in an amendment he offered that year to the SALT-II treaty calling for a moratorium on all future deployments of new weapons.

Richard Barnett of the Institute of Policy Studies in Washington also proposed a cap on the arms race at 1979 levels. And in December, 1979, Ms. Forsberg suggested a freeze in a speech to a conference in Louisville, Ky., of the Mobilization for Survival, a peace group.

Ms. Forsberg, 38, said in an interview last week that many of those in the Louisville audience urged her to put the idea into a formal proposal. This led to a series of drafts of a proposal, "Call to End the Nuclear Arms Race," which she circulated within the peace movement and among experts at Massachusetts Institute of Technology. She had been a Ph.D. candidate at MIT before giving up her studies to work at full time in Brookline for the Institute for Defense and Disarmament Studies, which she founded.

Meanwhile, Mr. Kehler heard about the freeze idea from a member of the evangelical Sojourners and he began to proselytize at home in western Massachusetts.

Clausen of World Bank Displaying a Deft Hand

By Clyde H. Farnsworth

New York Times Service

WASHINGTON — A.W. Clausen's first official act last July 1 was to rearrange the "in" and "out" boxes on an outsized desk in a gargantuan office 12 stories above Washington's Pennsylvania Avenue.

Next on his first day as the sixth president of the International Bank for Reconstruction and Development, he made a trip up Pennsylvania Avenue to see some congressional critics of the \$100-billion development institution.

Mr. Clausen — his initials stand for Alden Winslip but he is known more familiarly as Tom — told members of the House Appropriations Committee that he wanted an open-door policy at the World Bank — the institution's more commonly used name — "because I'm a very open person." He said he believed in laying problems out on the table, he promised some policy changes, and later he visited some of the staunchest of the critics in their offices.

"We still have considerable disagreements, but I'm impressed — I like what I see," said Rep. C.W. Bill Young, Republican of Florida, who had tangled repeatedly with Mr. Clausen's predecessor, Robert S. McNamara.

Another vocal critic, Rep. Marvin H. Edwards, Republican of Oklahoma, added: "When people told me I'd like Mr. Clausen, said I'd have to wait and see. I must admit that now I've been pleasantly surprised."

In the last nine months, Mr. Clausen, who came from the chief executive post of the Bank of America in San Francisco and had been a commercial banker all his professional life, has managed to mollify the World Bank's enemies without enraging its friends. It is too early for any final judgments, but that feat alone is considered something close to a political miracle.

Mr. Clausen has not played down the institution's humanitarian mission as the biggest source of aid for the poorest countries. But he has shunned the arguments of his predecessor that the rich have a moral obligation to help the poor, emphasizing instead that aid means jobs for industrial countries and that it is in their interest to help the poor.

"I'm a United Way freak," Mr. Clausen said in a recent interview. "I believe it is in my interest to help the disadvantaged. It's important that we do things right, but I think it's more important that we do the right things right. Right for the times. Maybe we've got to be a little more patient."

This was a reference to the constraints that have been forced on World Bank lending by the budget cuts of its biggest stockholder, the United States. "It's been a period of hard-nosed consolidation," said William R. Cline, senior fellow at the Institute for International Economics.

"The question is how can we best use our existing resources," Mr. Clausen said, noting that the most critical area for development is sub-Saharan Africa, made up of 21 of the 33 poorest countries of the world. "We must provide additional resources for countries where the need is the greatest. You can't do it by giving them all a one-color pill."

Hard Decisions

In the fight over the shrinking amount of development funds, Mr. Clausen has had to make some hard decisions. One has been to cut back India's share of the interest-free loans that the bank gives through its soft-loan affiliate, the International Development Association.

India is creditworthy, Mr. Clausen said in New Delhi last January, and thus can better afford to pay interest than other countries. But he has also been critical of the United States for cutting \$400 million this year from its contribution to the soft-loan pool. The United States, though committed to provide \$1.08 billion, has provided just \$700 million. Some other donor countries also cut back, so that what was to be a \$4.1-billion pool this year will be closer to \$3 billion.

"The Reagan administration ambushed Clausen in the past," said John W. Sewell, president of the Overseas Development Council, a Washington-based research center that focuses on development issues. "Given the enormous pressures on him from the United States, I'd say he's done very well."

Another strong advocate of development assistance, Rep. Henry S. Reuss, the Wisconsin Democrat who is the chairman of the Joint Economic Committee of Congress, said that Mr. Clausen was in the tradition of "strong, right-minded, outspoken presidents of the World Bank."

"Unfortunately," Rep. Reuss added, "another Californian, Ronald Reagan, came along with his knife out for the World Bank and other international development banks. Clausen is trying to adjust to the needs of the new era, but the administration is doing everything it can to undermine him."



A.W. Clausen

While Mr. Clausen speaks of the "tremendous needs" for development assistance, he has also shown himself philosophically in tune with the ideas of the administration to use the "magic of the marketplace" to spur development.

"Unless a nation puts its own financial and economic house in order," President Reagan said in a major address at the annual meeting of the World Bank last Sept. 29, "no amount of aid will produce progress."

Mr. Clausen has plans, which have been strongly endorsed by the administration, for a major expansion of the International Finance Corp., the affiliate of the World Bank that lends directly to private business in developing countries.

He is also pressing for more co-financing under which commercial banks make loans to developing countries jointly with the World Bank. This is seen by its advocates as a way of spreading burdens and risks, but, according to some critics, it could make the World Bank merely an underwriter of initiatives of U.S. business.

Imposing Limits

"He's private-market-oriented and very good to work with," said Mary Leland, assistant secretary of the Treasury for international economic affairs. "Although he was appointed by President Carter we don't see him as a Carter man." The Clausen appointment was made in the final months of the Carter administration but with the concurrence of Mr. Reagan. Mr. Clausen did not actually take office until six months after the Reagan inauguration.

Mr. Clausen's chief differences with the administration, which he makes no efforts to conceal, relate to his belief that both soft and hard lending by the World Bank must increase in future years to help Third World countries, as he puts it, "become part of the dynamic forces that we need — to become the newly industrialized countries of tomorrow."

A Treasury report issued Feb. 18, assessing the U.S. role in the World Bank, recommended that the bank slow and eventually stop expansion of its lending, and move aggressively to "graduate" countries from bank financing. Although it cited no numbers, it said that the United States would impose some severe limits on its future contributions to the International Development Association.

Although it is called the soft-loan window, Mr. Clausen told an audience in San Francisco, "there is nothing soft about IDA at all; it's a hard, tough, realistic development agency doing a hard, tough, realistic job, and doing it well."

Mr. Clausen has concentrated much of his attention on an internal restructuring of the bank's decision-making machinery, replacing what had been a highly centralized system under Mr. McNamara with what the agency's new president calls the "collegial approach."

Mr. Clausen believes that the key to management is finding consensus, although some subordinates contend that the results seem to be innumerable meetings where a lot of time is wasted.

Attached to memorandums relating to problems at the World Bank, Mr. Clausen frequently writes notes with only two words, "Fix it," and then puts the notes into his "out" box. One morning he returned to his desk to see these words scribbled on his note: "You gotta be kidding."

Tables include the nationwide prices up to the closing on Wall Street.

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BUSINESS NEWS BRIEFS

Harvester Plans Big Cut in Operating Costs

CHICAGO—International Harvester said Wednesday it plans to cut operating costs by \$650 million in fiscal 1982 by unit consolidation, lower plant inventories and an 8 1/2 percent cut in the workforce to 60,000. Harvester vice chairman Ben Warren said, "We can not continue to feed cash into products or manufacturing facilities which tie up excessive amounts of working capital in relation to the profits they generate."

Earlier, Harvester chairman Archie McCardell said the firm expects a loss for the 1982 second quarter. The company had already projected a loss for the year of \$518 million and is looking for concessions of \$100 million annually, primarily through a wage and benefit freeze, in bargaining with the United Auto Workers for a new three-year contract.

W. German Shipbuilder Files for Bankruptcy

BREMEN, West Germany—Shipbuilder Schichau Unterweser filed for bankruptcy in the Bremen District Court after running into difficulty over a contract to supply two container vessels to Israel, a company spokesman said Wednesday.

The provisional receiver said work at the yard, which employs 1,000 people, should continue for the present. The Bremen city government, which has a 50 percent stake in Schichau after pumping in seven million Deutsche marks three years ago, has declined to inject more funds in view of the general outlook for shipyards, he added.

The spokesman said Schichau has been unable to keep costs within the 93-million-DM contract price for two container ships being built for Zim Israel Navigation and Zim has not been prepared to contribute more. Schichau made a profit in 1973, its first full year, but has posted losses ever since.

BP May Sell Stake in North Sea Oil Field

LONDON—British Petroleum (BP) is considering selling its 15 percent stake in the Beatrice oil field in the North Sea.

A spokesman said Tuesday several offshore oil companies were interested. He declined to comment on a stockbroker's estimate that the stake could be worth about \$67 million, but he noted that BP bought the stake for £32 million in 1979 and would expect to make a return on its investment. The latest round of British tax increases, which particularly affect small fields, is believed to be one reason BP wants to sell.

DeLorean Makes New Finance Arrangement

NEW YORK—John Z. DeLorean, president of DeLorean Motor, has said it is unlikely the company will reach an agreement to lease some of its unsold 1981 inventory to Budget Rent-A-Car of America but has made an alternative financial arrangement.

Earlier reports Tuesday said Budget would lease half of DeLorean's inventory of 2,000 cars in the United States to rent to customers and give them back to DeLorean in about six months, to be resold as used cars. DeLorean owes \$24 million to creditors, including more than \$18 million to the Bank of America.

Mr. DeLorean said the company now has an arrangement with a group of Ohio financiers known as CG, who will lead DeLorean \$12,500 per car. DeLorean would be able to buy back the cars for the original price plus a fee and interest. If DeLorean had not repurchased the cars in nine months, CG would take possession.

Pilots Object to Braniff-Pan Am Route Deal

MIAMI—Braniff International's 150 Miami-based pilots lined up with airlines objecting to a proposal that Braniff be allowed to lease its South American routes to Pan American World Airways for four years at \$30 million.

Joseph Baranowski, leader of the the Braniff pilots' union, threatened legal action if the Civil Aeronautics Board in Washington approved the proposal. Pan Am would use its own pilots and some Braniff pilots would be laid off or switched to other locations. The board is expected to rule on the matter Thursday.

Several rival airlines, including American Airlines, have filed objections with the board.

U.S. Chip Firms to Boost Research

By Clyde H. Farnsworth

WASHINGTON—To fend off growing Japanese competition, manufacturers of silicon memory chips have announced plans for university research spending over the next two years of \$20 million. The original program, announced in December, called for spending \$3 million.

The program is intended to encourage long-term semiconductor research and to increase the supply of professional staff. Robert N. Noyce, vice chairman of Intel and chairman of the Semiconductor Industry Association, said Tuesday. The trade group, which includes about 50 companies, is sponsoring the effort through a new affiliate, the Semiconductor Research Corporation.

The semiconductor industry in Japan has adopted a similar approach. The major difference has been that the Japanese government has acted as both the leader and major source of funds. The U.S. program, to go into effect May 1, is to operate without the direct government support or participation.

U.S. companies are barred by antitrust law from pooling re-

search for product development but not from pooling funds for basic research in universities. The new partnership is open to foreign companies that have significant manufacturing operations in the United States, Mr. Noyce said. But officials at a news conference Tuesday left it unclear whether Japanese companies could become members. Several Japanese semiconductor companies have begun to expand in the United States. Nippon Electric recently announced a \$100-million expansion of its plant near Sacramento.

"We expect some reciprocity," Mr. Noyce said, referring to restrictions on access by U.S. companies to joint research in Japan.

Of the 15 members of the steering committee, two are subsidiaries of European companies: Fairchild Camera & Instrument, which is controlled by Schlumberger, and Signetics, controlled by Philips. Other members are Advanced Micro Devices, Burroughs, Control Data, Digital Equipment, International Business Machines, Intel, Hewlett-Packard, Monolithic Memory, Motorola, National Semiconductor and Rockwell International.

Although the findings are ex-

Motorola Chips Away At Sales Leadership Of Texas Instruments

By Andrew Pollack

New York Times Service

NEW YORK—For as long as many people in the semiconductor industry can remember, Motorola has been quiet second to Texas Instruments in worldwide sales.

Now, however, a tailspin at TI and momentum at Motorola have brought the runner-up within challenging distance of the leader, and the race is on.

"It's going to be fairly close from this point forth," said James Barlage, an analyst at Smith Barney, Harris Upham.

In 1980, TI had semiconductor sales of \$1.6 billion, compared with Motorola's \$1.1 billion, according to Dataquest, a Cupertino, Calif., market research firm. But last year TI plummeted to \$1.3 billion while Motorola managed a modest increase, to \$1.2 billion.

In U.S. semiconductor sales, Motorola surpassed TI for the first time, \$850 million to \$725 million, according to Dataquest.

Surprise for Motorola

"Frankly, the fact that we caught up as rapidly as we did is a bit of a surprise to us," said William G. Howard, vice president and director of technology and planning for Motorola's semiconductor division.

For TI, which prides itself on having invented the integrated circuit in 1958, the possibility that it will lose its top billing in semiconductor sales is just one of many troubles. Costly moves into computers and consumer electronics, many of which have failed, have weakened TI's central semiconductor business.

Semiconductors accounted for about 30 percent of TI's overall sales of \$4.2 billion last year and almost 40 percent of Motorola's sales of \$3.3 billion. TI also sells computers, calculators and geophysical services, while Motorola is primarily a communications equipment company.

Analysts estimate that TI's semiconductor operations had a pretax loss of as much as \$50 million last year. Last month, the company laid off 2,700 workers, most of them in its semiconductor division. It laid off 2,800 workers last May. Now the company is undergoing a management reorganization in its semiconductor division.

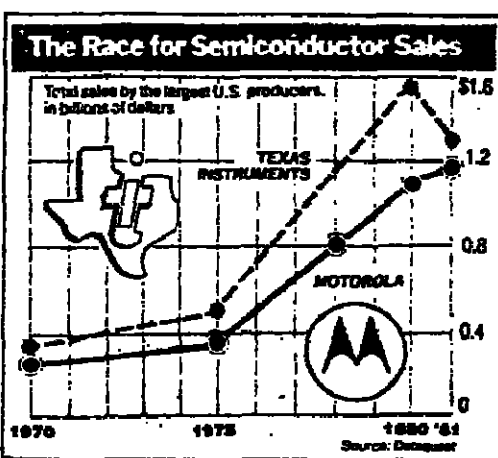
TI will not discuss the reorganization. But Adam Cuhney, an analyst with Salomon Brothers, and former TI employee said the move is intended to decentralize operations so that the company can respond better to the marketplace. Foreign operations will be more closely controlled by Dallas, she sources said.

Motorola has weathered the semiconductor slump better than most companies, mainly because its product line is heavily dependent on some products that were not subject to the heavy price cutting on memory chips. Although earnings of its semiconductor division were down 31 percent in 1981, the unit still had a profit of about \$150 million. Large layoffs have so far been avoided, partly because of the company's reliance on temporary employees.

During the 1975 slump, the company had severe losses and had to resort to layoffs. "People wondered whether they could trust the company," Mr. Howard recalled.

What turned Motorola around was a dose of TI management style. Alfred J. Stein, a TI executive, went to Motorola as vice president, integrated circuit operations, in 1976.

Mr. Stein said he found a company with an archaic product line. Motorola derived 65 percent of its semi-



conductor revenue from discrete products—individual resistors, transistors and other parts—and only 35 percent from the newer and faster-growing integrated circuits, in which many parts are etched onto a single slice of silicon. Motorola was well behind Mos-tek in memory chips and behind Intel in microprocessor chips.

Management was chaotic, he said, in contrast to TI's careful attention to setting goals and giving managers the responsibility of meeting them. "I thought everybody did it like TI did till I got to Motorola," said Mr. Stein, who left Motorola in 1981 and is now chairman of VLSI Technology, a young semiconductor company based in Santa Clara, Calif.

Mr. Stein and others helped institute stricter controls in a new personal computer, and the other semiconductor companies have been dropping out of the unimpressive market, leaving a larger share to Motorola. The lack of strong competition has allowed prices to remain relatively firm in discrete, keeping Motorola's semiconductor operations in the black in 1981.

Those who think Motorola will pull ahead of TI in semiconductors, such as Mr. Barlage of Smith Barney, point to the company's strength in microprocessors, which serve as the central control in microcomputers, terminals and other electronic devices. Motorola is well-positioned to overtake Intel, the industry leader in that category.

Radio Shack is using Motorola's 68000 microprocessor in a new personal computer, and the other leader in that field, Apple, also plans to use the microprocessor in a product not yet announced. (The International Business Machines personal computer uses the Intel chip, however.)

By contrast, TI came into the market early with a product that was weak and not well supported by alternate suppliers. TI is considered all but out of the running, except for specialized applications.

Motorola has also come on strong in memory chips and last year was the leading American producer of the 64K random access memory, which can store about 64,000 units of information. It is expected to become the biggest single product in the industry's history. The company has also moved into logic circuitry but is still well behind Texas Instruments in that area.

Still TI has many strengths that will work to keep it ahead of Motorola.

The narrowing of the gap last year resulted from two factors that helped Motorola in the short run but (Continued on Page 11, Col. 5)

AM International Requests Protection From Creditors

From Agency Dispatches

CHICAGO—AM International, the money-losing supplier of graphics equipment and information-processing systems, Wednesday filed a petition for reorganization under Chapter 11 of the Federal Bankruptcy Act.

The company also said its Canadian subsidiary has taken similar action.

"As a result of AM's recent losses and write-downs, its deficient net worth and high debt levels, the company needed concessions from a broad base of lenders," Joe B. Freeman Jr., AM chairman, president and chief executive officer, said.

However, the complexity of our debt structure and the magnitude of interest concessions required were proving too great a barrier to overcome.

"Under Chapter 11, we will not be paying interest on existing parent debt. More important though, we can continue to operate our business while we develop arrangements to reorganize our capital structure."

AM International, which was formed from the old Addressograph-Multigraph firm, last month reported losses of \$17.6 million for the second quarter on continuing operations and \$33.4 million for the six months ended Jan. 30.

In the year to July 1981, AM reported a loss of \$245 million, including \$203 million of write-downs.

Mr. Freeman said though the company "regrets" the impact the filing will have on its creditors, the action will enable it "to meet our ongoing obligations to our subsidiaries."

The New York Stock Exchange said it will suspend trading in AM International and its 9 1/2 percent debentures due 1995 before the market opens April 28. The exchange said it will file with the Securities and Exchange Commission to delist the shares and debentures.

It said until issues are suspended, trading will continue on a "regular way" basis. Debentures, which previously traded "with interest," will be traded "flat."

It added that it has no present plans for similar actions regarding its other subsidiaries, although negotiations are pending regarding whether a filing relating to its leasing company should be made.

Mr. Freeman said in March that the company had made an operating loss of \$6 million in the sec-

ond quarter, compared to a \$9 million loss in the first three months. He said the preliminary indication was that AM had broken even in terms of operating profit during February.

The latest losses increased the deficit on AM's shareholder funds to \$42.9 million, while total debt stood at \$254 million.

The figures meant that AM had breached a number of loan agreements with its bankers, including a \$115-million revolving credit agreement with its domestic bankers, the terms of which were amended only last December, and a number of loan agreements with foreign banks.

AM has said that while it has failed to meet payments on its \$115 million revolving credit agreement, as of April 2 the agent bank had not yet declared the notes due and payable.

Based on current sales and collection levels, AM said in a statement that it believes it has adequate financial resources to operate as a debtor in possession.

"We have a certain amount of cash, have a post-petition secured line of credit in final stages and will be receiving additional proceeds from our divestitures," it said. Substantially all of the company's assets are unsecured, it added.

Prices Slip on NYSE; IBM Posts Profit Rise

From Agency Dispatches

NEW YORK—Prices on the New York Stock Exchange rallied briefly Wednesday after IBM announced an unexpected increase in first quarter profit, but shares ended the day generally lower.

The Dow Jones industrial average, which slipped more than five points during the morning before recovering somewhat at midday, showed a loss of 2.95 points, to 838.09, at the close. Declines led advances by about eight to six.

Volume slowed to about 45 million shares from 48.7 million Tuesday.

Analysts had widely expected IBM's earnings to show a decline of about 10 cents a share. Instead, the computer maker's net rose to \$1.30 a share from \$1.25 a share earlier. In active trading, IBM shares rose 1 1/2 to 63 1/2.

IBM attributed the profit gain to strong growth in shipments and orders during the first quarter, and some analysts said investors may read the company's performance as a signal that the economy is starting to turn around.

However, they said the market is still under pressure from the turmoil over the Falkland Islands and the lack of a compromise between Congress and the White House on the federal budget.

Some analysts said traders were continuing to pause after the recent rally. The average slipped 1.84 points Monday and Tuesday after climbing nearly 48 points in four weeks.

Ralph J. Acampora, a Kidder Peabody vice president, predicted that the market will turn up again soon. "It's the best market we've had since coming out of September lows last year," he said. "There still are some nonbelievers who question whether the rally will resume. However, even with the nonbelievers, there is no heavy selling. It's a normal, orderly pullback characterized by near-term profit-taking."

Mr. Acampora said traders are shrugging off negative economic news.

"There's a different temperament. Willing buyers are coming in," he said. Institutions increasingly have been coming into the market in recent weeks.

Harvey Deutsch of Purcell Graham said, "The tone of the

Japan to Pool Computer Studies

The Associated Press

TOKYO—The Ministry of International Trade and Industry authorized Wednesday the forming of a joint research institute to develop a high-speed "fifth-generation" computer by 1990, according to the Kyodo news service.

Six Japanese computer makers and two manufacturers of electrical goods had proposed to set up the unit, to be called the Institute for New Generation Computer Technology.

The Japanese government plans to grant 423 million yen (\$1.7 million) in fiscal 1982 to the institute, headed by Tadamasa Yamamoto, president of Fujitsu. The group has asked U.S. companies to join, but none have applied, Kyodo said.

but it was unclear how this would mesh with government concern over access to information related to national security. The government has been reluctant to restrict information from universities where research work is related to national defense.

World Tensions Push Gold to 6-Week High

From Agency Dispatches

PARIS—An international situation more desperate than usual sent gold prices to their highest levels in more than six weeks Wednesday.

In New York, gold for delivery this month settled on the Commodity Exchange at \$368.50, up \$13.50 from Tuesday.

In London, Wednesday, gold closed at \$365.25, down slightly from the afternoon fixing by London gold dealers of \$366.75, which was up \$10 from Tuesday's close. Before Wednesday morning, gold's price had not topped \$360 in London since March 1.

In Zurich, gold reached its highest level since Feb. 25, closing at \$366.50, up \$13 from Tuesday.

Dealers attributed gold's strength to Arab-Israeli confrontations, which are creating nervous conditions for Israel's withdrawal from the Sinai, scheduled for April 25. They also pointed to worries about the confrontation between Britain and Argentina.

Dealers reported big purchases in Hong Kong and Zurich by Morgan Guaranty Trust of New York and by Swiss and West German interests.

One dealer reported some sales by the Soviet Union to take advantage of the rise but added that buying came from several speculators who had been noticeably absent from the market recently.

The dollar, meanwhile, opened slightly higher in New York against most European currencies, aided largely by a sharp rise in the federal funds rate, dealers said. The rate, charged by banks on other loans to one another, was quoted at 16 percent early Wednesday, up from 14 1/2 percent Tuesday. The funds rate usually is volatile on Wednesdays, the end of the bank statement week, but deal-

ers said it appeared that the rate was reflecting other technical factors as well.

In early New York trading, the dollar was quoted at 241.65 Deutsche marks, up from 241.45 at Tuesday's close.

In London trading Wednesday, the pound gained in the morning to \$1.7675 from \$1.7645 late Tuesday but then fell sharply in late dealings to \$1.7570, partly on rumors that an Argentine ship had been sunk near the Falkland Islands, dealers said. The British government denied the report.

Managers Playing for Time On Loan to Argentina Utility

By Carl Gewirtz

International Herald Tribune

PARIS—Lead managers of the \$200 million loan for Argentina's electric utility Segba postponed until Friday the meeting they had planned to hold Wednesday in Paris and transferred the venue to New York, banking sources reported.

The postponement is aimed at delaying a decision on what to do about the loan in light of the continuing crisis over Argentina's invasion of the Falkland Islands.

At the very best, bankers report, the Friday meeting will decide to put the loan in deep freeze until the crisis is resolved. At worst, the syndicate will be disbanded and the operation abandoned.

Three banks have already withdrawn and rumors about about others. National Westminster, one of the initial lead managers, was first to pull out. Banco Real de Brazil pulled out, reportedly over problems on the documentation. Toronto Dominion International

Bank Ltd. has also withdrawn. A spokesman for Toronto Dominion noted that its British-domiciled unit was ineligible under Britain's ban on financial transactions with Argentina. The fact that Toronto Dominion did not choose to shift the role to another unit domiciled elsewhere was interpreted as a measure of the disquiet bankers feel about lending to Argentina at this time.

Meanwhile, the status of the recently completed \$100 million for Solto Grande, a joint Argentine-Uruguay project, was uncertain. Bankers involved in the transaction say that talks are underway with the Bank of England to see if this international project could be spared from the general ban on business with Argentina.

In related news, the central bank has made it clear that British-based units of foreign banks acting as agents for outstanding Argentine loans will be able to transfer the agency role to units outside Britain.

U.S. Takes Over Big S&L in a Rescue Attempt

From Agency Dispatches

OAKLAND, Calif.—Government regulators have taken control of the 21st-largest U.S. savings and loan association, declaring the thrift insolvent and asking top officers to resign.

The takeover of Fidelity Savings & Loan Association Tuesday marked the first time the government has resorted to such drastic measures in its efforts to rescue ailing S&Ls in the current industry crisis.

Officials of the California Savings and Loan Department and the Federal Savings and Loan Insurance Corp. were planning official announcements Wednesday on a receivership plan for the S&L. The move is designed to stave off bankruptcy for the S&L's parent company, Fidelity Financial Corp., and buy time for regulators to work out a sale or merger of the S&L in an orderly fashion, sources said.

Representatives of the two regulatory agencies reportedly walked into Fidelity Financial's executive offices late Tuesday and told A.C. Meyer Jr., the president and chief executive, that they were taking possession of the institution. It has \$2.9 billion in assets and 80 branches, mostly in Northern California.

Fidelity lost \$1.4 million in 1980 and \$56.6 million in 1981, and is considered by industry analysts and regulators to be one of the most troubled major S&Ls in the country.

Industry leaders say the institution has suffered more severely than other thrifts, partly because of its rapid growth in 1979 and 1980 and partly because it had to pay penalties and a higher rate for money borrowed from the Federal Home Loan Bank, the industry's lender of last resort.

The S&L is suing the Federal Home Loan Bank of San Francisco for \$114 million in conjunction with those lending practices.

Mr. Meyer said Tuesday that the takeover violated state law but that he would not contest it, because he wanted to prevent further damage to public confidence in the company.

The arrangement is expected to mean that Fidelity Savings will remain open and that depositors will be unaffected, sources said.

Wiping Out Shareholders

Fidelity Financial is the largest S&L to be rescued by government intervention since skyrocketing interest rates triggered heavy industry losses during the past two years. It is the first to be salvaged through receivership during the current slump. Although federal regulators have used such a plan in prior years, S&Ls that have faltered during the current crisis have been rescued chiefly by arranged mergers.

Finding a partner to take over Fidelity Financial has been complicated because of its size and because its board has resisted any government-assisted merger that would not compensate shareholders.

Depositors with up to \$100,000 in the institution are protected by the government, but Mr. Meyer was quoted as saying the government action could "wipe out" the company's shareholders. Current stockholders will receive nothing for their investments in the company, sources said.

On Wednesday, the Federal Home Loan Bank Board chartered a new federal S&L, to be known as Fidelity Savings of San Francisco, to acquire the property, facilities, investments, deposits and loans of the former S&L.

In San Diego, Home Federal Savings & Loan Association said it had agreed to manage Fidelity Savings. Home, which is the eighth-largest S&L in the United States, said the agreement was not a merger contract. There will be no merging of assets, branches or customer accounts, Home said.

Fidelity Financial and Fidelity S&L are not related to Glendale, Calif.-based Fidelity Federal Savings & Loan Association or to Fidelity Group of Boston, a large mutual fund operator and discount brokerage house.

CURRENCY RATES

Interbank exchange rates for April 14, 1982, excluding bank service charges.

Interbank exchange rates for D.M., Jan. 14, 1962, excluding domestic banks									
	\$	£	D.M.	F.F.	Y.L.	G.M.	B.F.	S.F.	D.K.
American Express	2.675	4.78	11.81	42.43	0.302		5.875	13.015	22.635
Banque Paribas	45.38	80.46	18.73	2.605	3.43	17.023	1.507	5.875	5.59
Commerzbank	2.675	4.78	11.81	2.60	0.32		5.875	13.015	22.635
Deutsche Bank	2.675	4.78	11.81	2.60	0.32		5.875	13.015	22.635
London	1.2628	2.3456	5.877	21.42		49.37	29.121	67.84	162.07
Madrid		1.7628	0.4136	0.139	0.059	0.271	0.0211	0.592	0.1281
New York	6.815	11.822	28.031		4.725	29.445	12.777	22.645	21.93
Paris	1.94	2.437	6.125	31.265	4.477	72.39	4.991		
Porto	0.971	0.516	2.35	0.234	0.1074	2.6572	45.313	1.947	0.1281
San Francisco	1.1123	0.6245	2.6254	1.0705	1.0415	2.9779	50.644	2.178	1.7174

Dollar Values									
	\$	£	D.M.	F.F.	Y.L.	G.M.	B.F.	S.F.	D.K.
Bank of America	2.675	4.78	11.81	2.60	0.32		5.875	13.015	22.635
Bank of Montreal	2.675	4.78	11.81	2.60	0.32		5.875	13.015	22.635
Bank of New York	2.675	4.78	11.81	2.60	0.32		5.875	13.015	22.635
Bank of Tokyo	2.675	4.78	11.81	2.60	0.32		5.875	13.015	22.635
Bank of London	2.675	4.78	11.81	2.60	0.32		5.875	13.015	22.635
Bank of Paris	2.675	4.78	11.81	2.60	0.32		5.875	13.015	22.635
Bank of Rome	2.675	4.78	11.81	2.60	0.32		5.875	13.015	22.635
Bank of Zurich	2.675	4.78	11.81	2.60	0.32		5.875	13.015	22.635
Bank of Bern	2.675	4.78	11.81	2.60	0.32		5.875	13.015	22.635
Bank of Geneva	2.675	4.78	11.81	2.60	0.32		5.875	13.015	22.635
Bank of Basel	2.675	4.78	11.81	2.60	0.32		5.875	13.015	22.635
Bank of Lugano	2.675	4.78	11.81	2.60	0.32		5.875	13.015	22.635
Bank of Milan	2.675	4.78	11.81	2.60	0.32		5.875	13.015	22.635
Bank of Naples	2.675	4.78	11.81	2.60	0.32		5.875	13.015	22.635
Bank of Palermo	2.675	4.78	11.81	2.60	0.32		5.875	13.015	22.635
Bank of Bari	2.675	4.78	11.81	2.60	0.32		5.875	13.015	22.635
Bank of Brindisi	2.675	4.78	11.81	2.60	0.32		5.875	13.015	22.635
Bank of Taranto	2.675	4.78	11.81	2.60	0.32		5.875	13.015	22.635
Bank of Reggio Calabria	2.675	4.78	11.81	2.60	0.32		5.875	13.015	22.635
Bank of Catanzaro	2.675	4.78	11.81	2.60	0.32		5.875	13.015	22.635
Bank of Cosenza	2.675	4.78	11.81	2.60	0.32		5.875	13.015	22.635
Bank of Salerno	2.675	4.78	11.81	2.60	0.32		5.875	13.015	22.635
Bank of Avellino	2.675	4.78	11.81	2.60	0.32		5.875	13.015	22.635
Bank of Benevento	2.675	4.78	11.81	2.60	0.32		5.875	13.015	22.635
Bank of Caserta	2.675	4.78	11.81	2.60	0.32		5.875	13.015	22.635
Bank of Foggia	2.675	4.78	11.81	2.60	0.32		5.875	13.015	22.635
Bank of Grosseto	2.675	4.78	11.81	2.60	0.32		5.875	13.015	22.635
Bank of Livorno	2.675	4.78	11.81	2.60	0.32		5.875	13.015	22.635
Bank of Pisa	2.675	4.78	11.81	2.60	0.32		5.875	13.015	22.635
Bank of Prato	2.675	4.78	11.81	2.60	0.32		5.875	13.015	22.635
Bank of Arezzo	2.675	4.78	11.81	2.60	0.32		5.875	13.015	22.635
Bank of Florence	2.675	4.78	11.81	2.60	0.32		5.875	13.015	22.635
Bank of Siena	2.675	4.78	11.81	2.60	0.32		5.875	13.015	22.635
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Bank of Grosseto	2.675								

